Huawei Technologies (Denmark) ApS
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CVR no.: 30 81 53 86

Huawei Technologies (Denmark) ApS

Annual report 2020

The Annual General Meeting adopted the annual report on 18.03.2021

Chairman of the General Meeting

Jiang Lichao

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Company details

Company

Huawei Technologies (Denmark) ApS
Støberigade 14, 2nd floor
2450 Copenhagen SV, Denmark
CVR No: 30 81 53 86

Phone: +45 32 87 31 00

Board of Directors

Li, Jian
Shi, Yanli
Gan, Jianhua

Executive Board

Lichao Jiang

Company Auditors

KPMG P/S
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen
Denmark
CVR No: 25 57 81 98

Management's statement on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Huawei Technologies (Denmark) ApS for the financial year 1st of January to 31st of December 2020.

The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU. Moreover, the Annual Report is prepared in accordance with additional Danish disclosure requirements.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31st of December 2020 and of the results of the Company's operations for the financial year 1st of January to 31st of December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

18.03.2021

Executive Board

Lichao Jiang
Managing Director

Board of Directors

Li, Jian **Chairman**	**Shi, Yanli**	**Gan, Jianhua**

Independent auditor's report

To the shareholders of Huawei Technologies (Denmark) ApS

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2020 in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

Audited financial statements

Huawei Technologies (Denmark) ApS' financial statements for the financial year 1 January – 31 December 2020 comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes, including summary of significant accounting policies (the financial statements). The financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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 rules and requirements.

Statement on the Management's review

Management is responsible for the Management's review.

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

Independent auditor's report

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

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

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

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may 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.

Independent auditor's report

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Copenhagen, 18.03.2021
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

David Olafsson
State Authorised
Public Accountant
MNE19737

Management commentary

Financial highlights

EUR'000	2020	2019	2018**	2017*	2016*
Key figures					
Revenue	64,780	112,349	135,858	138,018	136,716
Gross profit	28,371	44,580	39,630	37,466	43,523
Ordinary operating profit	2,365	4,687	6,956	5,965	7,031
Profit from financial income and expenses	-708	-1,439	-1,142	1,213	-2,241
Profit for the year after tax	**1,245**	**2,547**	**4,389**	**5,910**	**3,557**
Non-current assets	3,143	7,330	2,822	14,244	13,683
Investments in tangible fixed assets	394	132	172	1,669	1,039
Current assets	58,026	75,554	88,274	81,016	104,716
Total assets	**61,169**	**82,884**	**91,096**	**95,260**	**118,399**
Share capital	101	101	101	101	101
Equity	**10,583**	**18,316**	**15,768**	**16,297**	**10,387**
Provisions	836	1,336	1,326	4,848	3,185
Current liabilities other than provisions	48,794	62,020	73,770	73,350	103,421
Financial ratios					
Operating margin	**3.65%**	**4.17%**	**5.12%**	**4%**	**5%**
Return on invested capital	2.04%	3.07%	4.82%	6%	3%
Gross margin	**43.80%**	**39.68%**	**29.17%**	**27%**	**32%**
Current ratio	118.04%	121.02%	119.34%	106%	100%
Solvency ratio	**2.46%**	**3.94%**	**5.83%**	**7%**	**3%**
Return on equity	11.77%	13.91%	27.83%	36%	34%

* The figures for 2016-2017 have not been restated to reflect the transition of IFRS 9, 15 and 16, hence the figures are according to before implementation of these standards.

** The figures for 2018 have not been restated to reflect the transition of IFRS 16, hence the figures are according to before implementation of these standards.

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations & Financial Ratios".

For terms and definitions, please see the accounting policies.

Management commentary - continued

Operating review

Operating review Development in activities and finances

In spite of the challenging and competitive environment, Huawei Technologies (Denmark) ApS (hereinafter referred to as “Huawei Denmark” or “the Company”. Please note: “Huawei” refers to Huawei as an international corporation, “Huawei Technologies Co. Ltd”) performed as expected in 2020. Revenue was EUR 65 million in 2020.

However, the decline from revenue in 2019 to 2020 is largely owed to the fact that Huawei Denmark did not win any 5G-contracts available in the Danish market.

Covid-19 is not estimated to have any significant impact on the business.

Outlook

Huawei Denmark's principal activities are to provide innovative ICT solutions which can create long-term value and growth potential for our customers. Our main products include not only wireless products, network production, application and software, but also IT and AI Products, smartphones and value-for-money terminals.

The Carrier Business Group

The Carrier Business Group has been significantly impacted by the Danish Prime Minister announcing a new supplier security law. It has meant that it has not been possible to obtain any 5G-contracts in Denmark during 2020. Since the law won’t be passed until later in 2021, it is unclear what the consequences of this will be. Huawei Denmark did however manage to get a number of non-5G contracts.

The Enterprise Business Group

For 2021, the target of Enterprise Business Group is to continue the strengthening of the partnerships and continue focus on Danish enterprise and society digitalization transformation. For this purpose, Huawei Denmark already has cooperation with Nordic AI companies to support Danish enterprises for efficiency improvement. The revenue is expected to increase.

The Consumer Business Group

The sale of consumer electronics, such as laptops, wearable (smart watches and trackers) and smartphones has become an important part of our business.

In the future, besides the already existing focus to sell cutting edge hardware, we will have a priority focus on selling the new software eco-system to our customers.

These efforts will be focused around Huawei Mobile Services and AppGallery as the main source of device operation and applications and HarmonyOS as the cross-connector of smart devices.

Together with our valued partners, we strive to improve people’s lives by offering them the opportunity to have an intelligent and seamless AI life in these 5 categories:

Smart Home, Smart Office, Smart Travel, Health & Fitness and Entertainment

Management commentary - continued

Financial risks

Currency risk

Huawei Denmark's transactions are mainly in DKK and EUR. DKK is considered to have a very low risk vs. EUR and consequently the Company is not subject to any significant foreign exchange risk.

Interest rate risk

Huawei Denmark's financial assets and liabilities primarily consist of short-term financial assets and liabilities which are not interest-bearing, hence the interest rate risk is limited.

Credit risk

Credit risk arises from bank deposits and trade receivables. Huawei Denmark uses a large international bank, and credit risk is considered limited. Huawei Denmark's credit risk arising from trade receivables is limited. Trade receivables from the company's largest customer are transferred to a third party on a non-recourse basis whereas other trade receivables are credit insured to some extent. As of 31 December 2020, credit insured trade receivables amounted to 2,843 EUR'000 (2019: 685 EUR'000).

Human resources

The average number of employees in Huawei Denmark has decreased from 133 to 54 in 2020.

In the face of Covid-19, Huawei Denmark has taken robust measures to ensure the health of its employees throughout 2020. These measures include:

- Wearing a face mask for all employees at Huawei Denmark´s premises is highly recommended
- Working from home is highly recommended (40% of max capacity is the limit for attendance in the office)
- Professional cleaning of Huawei Denmark´s premises - 3 times disinfection in the office per week.
- Business travels are highly limited for both employees in Denmark and also other employees who would like to travel to Denmark
- Temporary ban on business travel for Huawei Denmark´s employees
- Temporary ban on inviting business connections to meetings in Huawei Denmark´s premises
- Two week mandatory quarantine, if employees have traveled abroad before they can come to the office

All temporary restrictions will be lifted in line with the official recommendations of the Danish health authorities.

Research and development activities

Starting in 2019, the Company began to engage in developing hardware security.

Legal structure

Huawei Technologies (Denmark) ApS is a wholly owned subsidiary of Huawei Technologies Coöperatief U.A., Netherlands.

Management commentary - continued

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Statutory disclosure on Corporate Social Responsibility

Like air and water, connectivity has become so pervasive that it is weaving its way into every aspect of life. A better-connected world is taking shape; it is destined to profoundly influence every individual, organization, and industry.

Connectivity is everywhere: between businesses, between people, between people and things, between things, and even between people's emotions. Enhanced connectivity will change the world for the better, allowing individuals to better sense and seize opportunities. However, our road ahead is filled with challenges, which must be overcome.

As a key player in the Danish ICT industry, Huawei Denmark leverages connectivity-focused ICT technologies – such as Artificial Intelligence (AI), cloud computing, 5G, and the Internet of Things (IoT) – to drive sustainability and build an infrastructure, which connects Denmark to the world.

Our innovative ICT technologies bring people closer together and reunite the separated – in all of Denmark. Our ICT technologies also spawn considerable business opportunities, deliver efficiency gains, and move the industry forward.

Social Responsibility: policies, initiatives, risk assessment and due diligence

Policies – social responsibility

Since 2004, Huawei has been a signatory to the United Nations Global Compact, and is also a member of the Responsible Business Alliance, which supports the UN Declaration of Human Rights.

Huawei's and Huawei Denmark´s goal for keeping and enhancing sustainability in its business of connecting everyone and everything to the future is to:

- Bridge the digital divide in Denmark with communications technologies
- Honour our responsibilities to support network stability and security
- Deliver innovative technologies to make our world greener;
- Devote ourselves to employee care and improve well-being;
- Build harmonious communities; and partner with industry players in Denmark to achieve mutual benefits
- Bring Denmark further into the age of digitization.

Furthermore, Huawei Denmark is also fully capable and prepared to drive green digitization with Danish partners and customers, as 5G is already here and ready to expand on digital capabilities across industries.

In addition, all suppliers to Huawei are required to sign a Corporate Social Responsibility agreement, to make sure that our suppliers also live up to the same CSR standards as we do.

Furthermore, all suppliers to Huawei are required to sign a Non-Disclosure Agreement as well as an Honesty and Integrity Commitment agreement with Huawei, as part of our procurement process.

Huawei Denmark is committed to fair, ethical and long-term engagement in Denmark.

Integrity is one of Huawei's core values. Huawei Denmark strives to comply with all relevant EU and Danish legislation and national standards. We oppose price dumping and monopolies and aim to promote a harmonious business environment.

Management commentary - continued

Education

Huawei Denmark acknowledges the need for further education of young ICT-talents to secure the talent pool in the future, both in Denmark and Europe. Therefore it is Huawei´s and Huawei Denmark´s policy to contribute to a better educational environment within STEM and related sciences.

Protecting intellectual property

Huawei Denmark recognizes that theft of intellectual property can have a detrimental effect on both our business, reputation and society by undermining fair competition and economic development. Huawei Denmark is committed to carrying out our business in an honest and ethical manner, which is reflected within our Core Values that form the foundation of Huawei.

Cyber security

We should build security through innovation, enhance security through collaboration, and work together to build a digital world that we can trust. This is our core approach to Cyber Security. Huawei Denmark is willing to work with all governments, customers and partners to jointly cope with cyber security threats and challenges. This commitment is the guiding principle for our operations. Huawei Denmark comply with Danish and EU laws and regulations and take all necessary measures to boost privacy protection in accordance with laws and regulations.

Risk analysis – social responsibility

Education

Although the world is fast becoming digital, the gap between ICT job vacancies and the number of engineers that can fill them is widening. By 2025, 85% of business applications will be cloud-based and 97% of large companies will use AI. However, there will not be enough qualified engineers to operate these technologies if we do not start taking action now.

Intellectual property

Intellectual property rights (IPRs) are a core competency of every enterprise.

Huawei Denmark respects the Intellectual Property Rights (IPRs) of other companies and works to ensure that its own innovations are protected. We comply with all common international rules on IPRs, making sure that we keep our IPR confidential and ensuring in our contracts that we protect our and others' IPR.

Cyber security

New technologies like cloud computing, the Internet of Things (IoT), big data, and 5G are improving our lives and also causing profound changes in the ICT industry. Recently, these changes have made the digital economy more vibrant, but at the same time, greater challenges relating to cyber security are emerging. Cyberspace and the physical world are increasingly converging, and connectivity has become a ubiquitous part of our life. Notwithstanding the tremendous personal, social, and enterprise benefits that we have realized as a result of the digital and broadband revolutions, security threats are increasing, and vandalism, theft, and disruption are ongoing issues.

Meanwhile, data traffic is continuing to surge with more and more personal data stored and processed in ICT systems. Complex privacy issues related to personal data protection continue to emerge. Countries promulgate their own data protection laws, which vary from country to country even though cross-national data transfer has become very common.

Management commentary - continued

Initiatives – social responsibility

General governing principles

Huawei Denmark has had a number of CSR activities in 2020, which will be described in the following.

Covid-19

In the face of the extraordinary and sudden proliferation of Covid-19 in Denmark in 2020, Huawei Denmark felt compelled to act and hence made sure to import single-use EC Certified Medical Masks from China and donate them to:

- The Danish Medicines Aagency (100.000 pcs)
- The Municipality of Frederiksberg (30.000 pcs)
- The government of the Faroe Islands (20.000 pcs)

in order to aid these public bodies in their fight to prevent further proliferation of the pandemic in Denmark. The donation took place between 15 March and 3 April 2020.

Education

Huawei has launched the ICT Academy Program 2.0. Through this program, Huawei globally aims to develop 2 million ICT professionals and popularize digital skills over the next five years by collaborating with universities, including Danish universities.

Huawei Denmark acknowledges the need for further education of young ICT-talents to secure the talent pool in the future, both in Denmark and Europe. Therefore, Huawei Denmark has initiated the Seeds for the Future program, where we together with two universities, Technical University of Denmark and Aalborg University, send 10 ICT-students to visit China and Huawei headquarter every year on a two-week immersive summer course. During the trip, the students will receive training in the newest ICT-disciplines. The aim is to inspire more students to seek a career within ICT.

With our flagship CSR project, Seeds for the Future, we still aim to help develop local ICT talent, to enhance knowledge transfer, promote a greater understanding of and interest in the ICT industry, and encourage greater participation in digital communities at regional and national levels.

In 2019, we renewed our partnership with DTU and AAU for another 5 years with 10 students each year, based on the good work of 50 students already trained over the past five years.

In 2020, however, Seeds for the Future was cancelled. However, the ambition is to continue our partnership with our aforementioned tertiary education partners in 2021, one of them, Aalborg University, having already accepted the invitation for the 2021 edition of Seeds for the Future.

Huawei Denmark also expanded our cooperation with the two universities (AAU and DTU) to cover more areas, including career opportunities including internship, guest lectures, career guidance, etc.

An example of this is the Career Summit (Samarbejdsmesse) that Huawei Denmark partook in on 5 November 2020, where we informed ICT students at Aalborg University about career opportunities in Huawei Denmark and abroad.

We also made ourselves available to a business case study at CBS(Copenhagne Business school), where Huawei sheds light on management philosophies, corporate culture and values, etc. by sharing our experience. Here, Huawei Denmark collaborated with CBS on organizing a guest lecture for selected students studying Strategic Management on 8 October, 2020.

On 8 December, the same group of students, who took part in the aforementioned guest lecture organized by Huawei Denmark, were invited to a virtual tour of Huawei's 5G Galileo Exhibition Hall where they learned more about the applicability of 5G technology in society.

We are keen to share our knowledge and expertise in ICT, not only to industry insiders, in the form of speeches at conferences and workshops, but also ordinary Danish citizens with an open door, as long as they want to learn more about technologies.

In 2020 Huawei Denmark launched the following educational CSR initiatives:

Initiative	Partner/-s	Dates
AI Webinar	Datapult	11 May 2020
Guest Lecture	Copenhagen Business School	8 October 2020
Samarbejdsmesse with Aalborg University	Aalborg University	5 November 2020
Virtual 5G Galileo Exhibition Hall Tour – online exhibition of 5G capabilities for students	Copenhagen Business School	8 December 2020

Furthermore, Huawei Denmark also donated the following amount to charity:

- 20.000 Danish kr. to Danmarks Indsamling 2020

Due diligence – social responsibility

Huawei has been a signatory to the United Nations Global Compact since 2004 , and is also a member of the Responsible Business Alliance, which supports the UN Declaration of Human Rights. Huawei Denmark complies with all Danish and EU laws and regulations. All suppliers to Huawei are required to sign a Non-Disclosure Agreement as well as an Honesty and Integrity Commitment agreement with Huawei, as part of our procurement process. Huawei requires all suppliers to sign a Supplier Sustainability Agreement. This agreement is based on industry standards such as the Responsible Business Alliance (RBA) Code of Conduct, and guidelines from the Joint Audit Cooperation (JAC).

Cyber security

Regular awareness training and education on cyber security and privacy protection is conducted for all Huawei Denmark employees. Fostering a company-wide climate and culture of cyber security awareness helps ensure that every employee accounts for cyber security and privacy protection in their everyday work.

Management commentary - continued

Environmental and climate protection: policies, initiatives, risk assessment and due diligence

Policies – environmental protection

Huawei is conscious of taking environmental protection into account in its application of technologies, manufacture and selling of products and solutions, and will continue to do more in the future.

These activities include:

- Investing in environmental-friendly technologies
- Supporting industry to innovate and switch to greener processes
- Rolling out cleaner, cheaper and healthier forms of private and public transport
- Achieving digitalisation in rural areas and agriculture
- Working with international partners to improve global environmental standards.

Internationally, Huawei has received the following awards in recognition of its climate conservation efforts:

Award/Honour Name	Issued by
Huawei 5G Power: Global Industry Awards: Sustainable Impact	International Telecommunication Union (ITU)
2019 Best Practice Award in recognition of Huawei's progress towards the SDGs (ecological protection and focus on climate change)	United Nations Global Compact Network China
2019 EcoVadis CSR Gold Rating	EcoVadis

Moreover, since 2011, Huawei has supported the Green Choice Alliance, which was established by the Institute of Public and Environmental Affairs (IPE).

Risks analysis – environmental protection

Digital technology is rapidly changing the world. This does not just include economies and society, but also the natural environment, which is the very basis of our survival. As digitalization continues to advance rapidly, ICT infrastructure is becoming smarter and can offer faster and smoother connectivity. But ICT infrastructure and the smart devices that run on it consume huge amounts of energy and resources.

The ICT industry is now facing the significant challenge of how to maximize the efficiency of networks and minimize energy and resource consumption, as well as other environmental impacts, without compromising network performance or user experience. Meanwhile, advances in digital technology are creating new possibilities for environmental sustainability.

ICT is becoming an important enabling technology for a greener world. ICT-enabled power saving and reduction of carbon emissions will far exceed the industry's own power consumption and carbon emissions. In 2025, this will be 11 times higher than the current level. This will present challenges, but will also create even more opportunities. We need to minimize environmental impacts and risks, and use innovative digital technologies to create new opportunities for promoting the sustainable development of the Earth's ecosystem.

Management commentary - continued

Initiatives - environmental protection

Huawei´ s goal is to minimize the impact of products on the environment. Hence, Huawei follows a strategy of “Green Pipe, Green Operations, Green Partner, Green World”, which aims a incorporating circular economy concepts into product design to minimize environmental impact.

To enhance transparency, Huawei has launched a website, where the environmental performance of consumer products including product carbon footprint, product water footprint, restricted substances, energy & material efficiency can be seen.

Furthermore, Huawei has implemented the green packaging strategy "6R1D": Right Packaging (the core), Reduce, Returnable, Reuse, Recycle, Recovery, and Degradable.

Huawei focuses on lightweight and compact packaging design, which further reduces packaging materials, warehousing and transportation costs.

Huawei uses eco-friendly and renewable packaging materials for maximum recyclability, which saves on both energy and materials.

Moreover, Huawei has established a recycling system which facilitates this practice and extends the lifespans of packaging materials.

Since 2008, Huawei has kept updating its packaging design and processes for reduced environmental impact. As a result, in 2019 alone, Huawei shipped more than 400,000 pieces of green packaging, which saved over 90,000 m3 of wood.

Huawei has initiated an initiative focusing on replacing plywood-pallets for transportation with pallets made of plastic and steel. In comparison to plywood pallets, introducing plastic-steel pallets in transportation and shipment systems can save an estimated 11,000 m3 of wood and reduce CO2 emissions by 6,890 tonnes pr year.

Moreover, Huawei has also set up a network of recycling stations across the globe. In 2019, Huawei ran almost 1,300 recycling stations in 48 countries and regions around the world. As a result, Huawei's service centres took back more than 300,000 used spare parts (totaling 60 tonnes) every month in 2019.

Due diligence - environmental protection

Huawei continue to use the IPE’s Blue Map environmental data search during supplier audits and supplier selfchecks. Huawei routinely submits environmental data inquiries to our 900 key suppliers. If a supplier violates environmental protection rules, an immediate corrective action plan is issued.

This helps suppliers manage their own environmental impacts. In 2019, Huawei ranked third in the global IT industry and first among Chinese companies in the IPE’s Green Supply Chain rankings.

Not only are we “practicing green”, we are actively helping raise the general awareness of environmental protection. Our experts regularly share our best practices at Energistyrelsen and Ingeniørforeningen i Denmark. We have a continuous dialogue with Ministry of Environment, Ministry of Climate, energy and Utility as well Danish business elites to introduce Huawei’s technology and solutions in environment improving projects covering water treatment, energy efficiency, traffic management and minimize usage of water and fertilize in agriculture.

Management commentary - continued

Social Relations and Welfare of Employees: policies, initiatives, risk assessment and due diligence

Policies – Social Relations and Welfare of Employees

A dedicated and passionate workforce is the most valuable asset that any business could have. Huawei Denmark places a great deal of emphasis on giving all employees career opportunities that match their talent.

Huawei Denmark aims to achieve diversity in nationality, gender, age, ethnicity, religion, etc. Huawei Denmark has six (6) different nationalities. Huawei Denmark´s office is dynamic with colleagues from many different countries. For a company with 54 employees, we are proud to have such diversity. Our policies are framed in such a way that all employees are treated equally and with respect. Different customs and cultural traditions are respected and co-exist in harmony at our office.

As an organisation Huawei Denmark strives to create equality and represent both men and women in an equal fashion. The management team of Huawei Denmark in 2020 has a gender split of 66% men and 33% women.

Huawei believes in sharing benefits with employees and growing with them. Our long-term incentive mechanism aligns the personal contributions of employees with the company's long-term development strategy. As a result, the mechanism encourages top performing employees to remain dedicated and share benefits over the long term.

Initiatives – Social Relations and Welfare of Employees

Huawei Denmark wants to create equality and represent both men and women in an equal fashion. The management team members in 2018 and before were all men, but we are proud to announce that in 2020, we have 33% female leaders in the management team of Huawei Denmark.

For the board of Huawei, we have three board members out of 16 in the board of directors. We constantly strive to have the best qualified persons in the organization, which also includes our board of directors.

To keep supporting the development of more women in the Huawei Denmark office as well, there is focus on these points:

- Focus on recruiting more women to Huawei Denmark
- Focus on treating women and men equally in Huawei Denmark
- Focus on developing women talent in Huawei Denmark

We will continue to work actively for the equal positional possibilities between men and women colleagues at all levels. Huawei Denmark is not required to set a target for the board as currently there is no underrepresentation of gender (1 of the 3 members is female).

A special focus is put on the development of skills and expertise. Huawei has created various digital and classroom training opportunities and personal development tools to help employees reach their potential and achieve their individual career development goals.

For the employees, a fantastic office location was chosen with good canteen facilities, as we believe work place and work environment is an essential part of everyday life at office and of the well-being of our employees.

One of the biggest risks is the employees' retention, which we manage through our organisational climate survey every year to assess the engagement and satisfaction of the employees. Depending upon the result of the survey, action plans are being developed to secure satisfaction.

Management commentary - continued

Risks - Social Relations and Welfare of Employees

It is of the utmost importance to Huawei Denmark that all of its employees are content with the working conditions so that the employees feel well and equipped to perform, while maintaining a healthy work/life balance.

Due diligence - Social Relations and Welfare of Employees

Huawei has been a member of, and signatory to the United Nations Global Compact (UNGC) since 2004. Huawei has signed up to supporting the 10 guiding principles of the UNGC. These include:

- Principle 1 which states that "businesses should support and respect the protection of internationally proclaimed human rights".
- Principle 2 which states that "...make sure that they (businesses) are not complicit in human right abuses."

Security Practices			
410-1	Security personnel trained in human rights policies or procedures	SDG16	100%
Rights of Indigenous Peoples			
411-1	Incidents of violations involving rights of indigenous peoples	SDG2	/
Human Rights Assessment			
412-1	Operations that have been subject to human rights reviews or impact assessments		89
412-2	Employee training on human rights policies or procedures		89
413-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	SDG1,2	/

Huawei is also a member of the Responsible Business Alliance (RBA), the code of conduct of which supports the United Nations Declaration of Human Rights. Huawei is committed to being a responsible and sustainable business. We aim to align our business with international best practice and recognized standards.

Huawei supports and promotes an open, secure, stable, and peaceful cyberspace, and respects and protects all basic human rights advocated by the UN's Universal Declaration of Human Rights, including those relating to privacy and communications. Huawei ensures cyber security and protect users' personal data in accordance with all applicable laws and industry best practices.

Management commentary - continued

Human Rights: policies, initiatives, risk assessment and due dilligence

Policies – Compliance to Laws, Diversity and respect for difference

Our policy on Sustainability covers amongst other things:

Core labour rights

- Health and Safety in the workplace
- Fair Remuneration
- Diversity and respect for difference
- Opportunity for development

As a means of ensuring our adherence to human rights we are being audited by our customers as part of their CSR audits and have internal control mechanisms in place to ensure compliance.

Huawei Denmark believes in abiding by the laws of Denmark and at all times respect laws concerning Human Rights in Denmark, as Human Rights are expressed and guaranteed by law, in the form of treaties, customary international law and general principles. Huawei Denmark makes sure to integrate local laws and customizes their global policy according to the local requirements. Huawei Denmark advocates fair trade and abides by all applicable laws and regulations and prohibits the use of child labour or forced labour.

The other important factor that encompasses Human Rights is the diversity an organization has. Huawei Denmark aims to achieve diversity in nationality, gender, age, ethnicity, religion, etc. Huawei Denmark has 6 (six) different nationalities. For a company with 54 employees, we are proud to have such diversity. Our policies are framed in such a way that all employees are treated equally and with respect. Different customs and cultural traditions are respected and co-exist in harmony at our office.

Initiatives – Core Labour rights and Opportunity for development

Huawei Denmark respects human rights laws in Denmark and have control mechanisms that prevents the company from violating these. This applies both internally, where all employees are hired in accordance with conditions stipulated in the the Danish labour law, and outwardly in Danish society, where we contribute both to educational efforts and protecting privacy through strong cyber security measures in our equipment and collaboration with our business partners and customers.

Risks – Health and safety in the workplace

In our day-to-day activities, the main risks to human rights are in work accidents, especially for our operational staff. This is managed by having health checks and detailed work instructions for the field service employees, who potentially, are at a higher risk of getting in a work accident. In 2020, no breach to our human rights policy was recorded in Huawei Denmark. No work place incidents were reported to the legal team at Huawei Denmark in 2020.

Due diligence – Audits of our suppliers to ensure they comply with Human Rights

As part of our control mechanisms Huawei require that our suppliers sign our Supplier CSR Agreement.

Our efforts are aimed to guarantee that our suppliers are living up to the same standards in terms of cyber security, CSR, honesty and integrity, etc. as we do.

Management commentary - continued

Anti-corruption and bribery: policies, initiatives, risk assessment and due diligence

Policies – Anti-corruption and bribery

Integrity is at the core of our operations, and we have zero tolerance for bribery or corruption. Huawei Denmark is playing an active role in the fight against bribery and corruption.

Initiatives – Anti-corruption and bribery

We request suppliers and employees to report if they find any irregularities in behaviour or business ethics from our employees. In 2020, no reports were made.

Every Huawei Denmark employee follows Huawei Denmark's Business Conduct Guidelines (BCG). The BCG serves as a guide for complying with laws and ethical standards.

Risks - Anti-corruption and bribery

Huawei Denmark recognizes that corruption can have a detrimental effect on society by undermining the legal system, damaging social and economic development and free and fair competition. Huawei Denmark is committed to carrying out our business in an honest and ethical manner which is reflected within our Core Values that form the foundation of Huawei.

The main risk for Huawei Denmark will be breach of our business conduct guidelines, which could potentially lead to legal and financial consequence in short term, but could also be damaging on longer terms for our image.

Due diligence - Anti-corruption and bribery

Huawei Denmark will comply in all respects with all applicable domestic and international laws, standards and principles relating to anti-bribery in Denmark.

Statement of comprehensive income for the year ended 31 December 2020

EUR'000

	Note	2020	2019
Revenue	4	64,780	112,349
Total Revenues		**64,780**	**112,349**
Cost of sales	17	-36,409	-67,769
Gross Profit		**28,371**	**44,580**
Other income		13	100
Other external costs		-14,747	-21,969
Staff costs	6	-10,397	-16,791
Depreciation and impairment	11 & 12	-875	-1,233
Operating profit/loss		**2,365**	**4,687**
Financial income	7	9	375
Financial expense	8	-717	-1,814
Profit from ordinary activities before tax		**1,657**	**3,248**
Tax on profit from ordinary activities	9	-412	-701
Profit for the year		**1,245**	**2,547**
Debt instruments measured at FVOCI - net change in fair value		8	1
Profit and other comprehensive income is attributable to:			
Proposed dividends		0	0
Equity holders of the Company		1,253	2,548
		1,253	**2,548**

Balance Sheet at 31 December 2020

Assets	Note	2020	2019
			EUR'000
Non-current Assets			
Property, plant, and equipment	11		
Leasehold improvements		75	91
Fixtures and fittings, tools, equipment, IT		462	595
Right of Use assets	12	1,412	1691
Long term trade receivables	15	-	3513
Deferred tax assets	16	1,194	1,440
Total non-current assets		3,143	7,330
Current Assets			
Inventory	17		
Spare parts		1,385	1,130
Goods for sale		647	1,182
Total inventory		2,032	2,312
Contract assets		9,419	11,912
Receivables			
Trade receivables	15	7,603	34,370
Trade Receivables owned by group enterprises	23	1,041	991
Prepayments		47	27
Corporate tax (receivable)		511	11
Other receivables		294	215
Total receivables		18,915	47,526
Cash and bank deposits		37,079	25,716
Total current assets		58,026	75,554
Total Assets		**61,169**	**82,884**

Balance Sheet at 31 December 2020

EUR'000

Liabilities and Owner's Equity	Note	2020	2019
Owner's Equity			
Share capital	18	101	101
Fair value reserve		1	-7
Retained earnings		10,481	18,222
Total owner's equity		10,583	18,316
Non-current liabilities			
Other provisions	19	474	927
Lease liabilities		956	1,212
Total non-current liabilities		1,430	2,139
Current Liabilities			
Other provisions	19	362	409
Trade payable		12,096	12,953
Lease liabilities		504	512
Contract liabilities		13,931	23,101
Payable to group enterprises	23	12,222	9,896
Other payable		10,041	15,558
Total current liabilities		49,156	62,429
Total liabilties		50,586	64,568
Total Liabilities and Owner's Equity		**61,169**	**82,884**

Contractual obligations, contingencies	21
Related party disclosures	22
Financial risk management	24
Capital management	25
Event after the balance sheet date	26

Statement of changes in equity 2020

EUR '000

Equity	Share capital	Fair value reserve	Retained earnings	Total
Balance at 1 January 2019	101	-8	15,675	15,768
Profit for the period	0	0	2,548	2,547
Other comprehensive income for the period	0	1	0	1
Total comprehensive income for the period	**0**	**1**	**2,548**	**2,548**
Transactions with owners in their capacity as owners:				
Dividends	0	0	0	0
Balance at 31 December 2019	**101**	**-7**	**18,222**	**18,316**

Equity	Share capital	Fair value reserve	Retained earnings	Total
Balance at 1 January 2020	101	-7	18,222	18,316
Profit for the period	0	0	1,246	1,246
Other comprehensive income for the period	0	8	0	7
Total comprehensive income for the period	**0**	**8**	**1,246**	**1,253**
Transactions with owners in their capacity as owners:				
Dividends	0	0	-8,986	-8,986
Balance at 31 December 2020	**101**	**1**	**10,482**	**10,583**

Fair value reserve represents the change in fair value of financial assets measured at FVOCI.

EUR

Dividends per share	Dividends for the year	Shares	Dividends per share
For year 2019	0	7500	0
For year 2020	8,986,029	7500	1,198

Cash Flow Statement

EUR'000	2020	2019
Operating activities:		
Profit for the year	**1,245**	**2,547**
Adjustments for:		
Depreciation	875	1,228
Amortisation	**0**	**4**
Patents and licences	0	4
Foreign exchange losses/(gains) for bank accounts	-98	1
Net finance costs	8	5
Slow moving items provision	262	-486
Provision Adjustments for other	**223**	**3,100**
Provision for Goods Discount	-2,773	1,093
Provision For Warranty	-438	-193
Provision for Vouchers	4,321	860
Provision for Others	-887	1,339
	1,270	**3,853**
Changes in:		
Inventories	926	1,978
Trade and other receivables	32,001	2,096
Prepayment received from customers	0	0
Trade and other payables	-14,173	-15,746
Taxes	-500	102
	18,254	**-11,570**
Net cash used in operating activities	**20,769**	**-5,170**
Investing activities:		
Acquisition of fixed assests	-122	-168
Net cash used in investing activities	**-122**	**-168**
Financing activities:		
Interest paid	-8	-5
Payments for the principals of the lease liability	-389	-265
Dividends paid to equity holder	-8,986	0
Net cash used in financing activities	**-9,383**	**-270**
Net increase/decrease in cash and cash equivalents	**11,264**	**-5,608**
Cash and cash equivalents at 1 January	25,717	31,325
Effect of foreign exchange rate changes (for corprate report)	98	-1
Cash and cash equivalents at 31 December	**37,079**	**25,716**
Cash and cash equivalents:		
Cash at bank	37,079	25,716
Total	**37,079**	**25,716**

Notes to Financial Statements

1. Accounting policies

Reporting entity

Huawei Technologies (Denmark) ApS (the Company) is established in Copenhagen, Denmark. The Company's registered office is at Støberigade 14, 2nd floor, 2450 Copenhagen SV.

The Company principally provide Information, Communication and Technology solutions. This includes marketing of telecom network equipment, IT products and solutions and smart devices for telecom carriers, enterprises and consumers.

Basis of preparation

The financial statements for the year ended December 31, 2020, are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted in EU and the additional Danish disclosure requirements.

For all periods up to and including the year ended 31 December 2016, the Company prepared its financial statements in accordance with the Danish Financial Statements Act for Danish class of entity (C large).

Changes in significant accounting policies

The Company has applied the standards which are mandatory for 31 December 2020 year end financial statements. No standards not yet effective have been implemented.

Foreign currency translation

Functional and presentation currency

Items in the financial statements are measured in the currency of the primary economic environment in which the company operates (the functional currency). The functional currency of the Company is EUR.

The financial statements have been presented in EUR and is rounded off to 1,000 EUR.

Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

Notes to Financial Statements

1. Accounting policies

Statement of comprenhensive income

Revenue

Revenue is measured based on the consideration specified in the contract with the customer and excludes variable consideration and amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service (or bundle) to a customer.

i. Contract combinations and modifications

Within the Carrier Network Business Group (CNBG) and Enterprise Business Group (EBG), Huawei combines separate customer contracts with the same customer if those contracts are priced together, are significantly interdependent or have a single commercial objective. Contract modifications are typically deemed to be new contracts or result in a prospective change to an existing contract.

ii. Performance Obligations (PO)

In the Consumer Business Group (CBG) POs are typically terminal devices, accessories and services. In the CNBG there are significantly more POs due to the nature of the contracts which typically involve sales of networking hardware, software and a wide range of services. In the EBG, where Huawei is delivering bespoke end-to-end solutions, there may in some cases only be a few POs.

In the CNBG and EBG customer, warranties are recognised as a distinct service and are allocated revenue. The consumer group warranty on terminal devices and accessories is generally standard in nature and is accounted for as an assurance warranty at the time of the sale.

Payment terms varies significantly from 7 days to more than a year. Main part of the invoices have less than 120 days.

iii. Timing of revenue recognition

Most CNBG contracts include multiple POs for which revenue is recognised when the company transfers control of each obligation, either a point in time such as delivery or acceptance, or overtime as the obligation is being fulfilled or the customer obtains control of the goods and/or services. Some CNBG construction contracts represent a single or a few POs for which revenue is recognised proportionately over the delivery period.

Within the EBG, most of its customer construction contracts constitute a single or a small number of POs for which revenue is recognised proportionately over the delivery period. Revenue is recognised for the remaining contracts with multiple POs when each obligation transfers control, either at a point in time, such as delivery or acceptance, or over time as the obligation is being fulfilled and the customer obtains control of the goods and/or services.

Sales of terminal devices and accessories by the CBG to its distribution channels is recognised when control of the goods has transferred, which is upon sell-in in most cases and only in a limited number of cases when the goods are sold to the second tier or end-users.

iv. Variable consideration

Revenue is measured at the fair value of the consideration received or receivable, adjusted at contract inception for returns, trade discounts, volume rebates and other sales incentives, such as vouchers or coupons, provided that the level of expected return of goods, volume rebates and other incentives given can be estimated reliably. The Company considers several factors, including but not limited to, contract commitments, business practices, historical experience, customer take-up rates, and expected purchase volumes.

Notes to Financial Statements

1. Accounting policies

Statement of comprenhensive income

v. Significant financing component

The promised amount of consideration in a sales contract is adjusted for the existence of significant financing in determining the transaction price when the payment terms exceed one year in duration between performance and payment. Interest income or expense is recognised over the period between the date of settlement and the date that the promised goods or services are transferred to the customer.

vi. Stand-alone selling prices (SSP)

The transaction price of a contract with a customer is allocated to each PO in proportion to its stand-alone selling price. The CNBG and EBG primarily use estimated SSP and the CBG uses directly observable SSP.

Within CNBG and EBG, the Company establishes the SSP using an average price approach by category. Average prices are established based on several factors, including but not limited to customer, geography, competition, company growth strategy, market share, market penetration objectives, product family, costs and company profit objectives (including by Business Group, Product Family and Product Line).

When a significant discount is granted and is specifically attributable to one or more POs that discount is allocated to the identified PO(s). In all other cases, the discount is allocated to the contract overall.

vii. Contract Costs

Certain acquisition costs (those paid to acquire a contract such as commission) and fulfilment costs (those incurred to deliver services to customers) are capitalised and recognised over the period of expected benefit, which is generally the associated revenue contract duration.

viii. Contract assets and liabilities

When revenue is recognised under a contract with a customer before consideration is received or the right to consideration is unconditional, a contract asset is recognised. When consideration is received (or the right to consideration is unconditional) before revenue is recognised, a contract liability is recognised.

Trade receivables are recognised when the right to consideration under a revenue contract becomes unconditional, regardless of the billing date.

ix. Refund liabilities

A refund liability, such as the accrued rebates to customers and other sales-based incentives granted, is recognised when the Company receives consideration from the customer and expects to refund some or all of that consideration to the customer.

Notes to Financial Statements

1. Accounting policies

Cost of Sales

Cost from the sale of goods comprising purchase of equipment and software is recognized in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that the cost can be reliably measured and is expected to be paid.

Cost from rendering of services is recognized at the time when the services are provided. Furthermore, delivery must have taken place before year end and cost must be reliably measured and expected to be paid.

Cost is measured at the fair value of the agreed consideration exluding VAT, duties and sales discounts.

Other external cost

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, operating leases etc.

Staff costs

Salaries, profit-sharing and bonus payments, paid annual leave and contributions to defined contribution retirement plans and the cost of nonmonetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Financial income and expenses

Financial income and expenses comprise interest income and interest expenses, realised and unrealised losses on securities and transactions in foreign currencies, as well as tax surcharge and relief under the Danish Tax Prepayment Scheme.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit/loss for the year and recognised in other comprehensive income for gains and losses recognised in other comprehensive income and directly in equity by the portion attributable to equity transactions.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year’s taxable income, adjusted for prepaid tax.

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost.

Software licences are measured at cost less accumulated amortisation and impairment losses. Software licenses are amortised on a straight-line basis over a 3 year period.

1. Accounting policies

Property, plant and equipment

Tools and equipment are measured at cost less accumulated depreciation and impairment losses. The basis of depreciation is cost less any residual value after useful life.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when the asset is ready to be put into operation.

Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures, fittings, tools and equipment:	3 years
Leasehold improvements:	2 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as depreciation under other operating income or other operating costs.

Right of Use assets

The Company has applied IFRS 16 from 1 January 2019, using the modified retrospective approach, under which comparative information is not restated. For IFRS 16 the short-term lease exemption is used.

Policy applicable from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 January 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Company has selected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

1. Accounting policies

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

- Lease payments included in the measurement of the lease liability comprise the following;

- fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'other non-current assets' and lease liabilities in 'other non-current liabilities' and in 'other current liabilities' in the statement of financial position.

As permitted by IFRS 16, the Company does not recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. Payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

1. Accounting policies

Impairment of non financial assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. If any indication shows that the recoverable amount of an asset is lower than its carrying amount, impairment provision shall be recognized.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net income from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

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

Cost of goods for resale, raw materials and consumables includes expenditures incurred in acquiring the inventories and bringing them to their present location and condition.

The Company estimates losses for obsolescence and adjustment to net realisable value of the inventories periodically. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. Any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

Financial instruments

(i) Recognition and de-recognition

Financial instruments, comprising financial assets and financial liabilities, are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or where it neither transfers nor retains substantially all of the risks and rewards of ownership and loses control. When control is retained, the entity continues to recognise the financial asset to the extent of its continuing involvement.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

(ii) Classification and measurement

All financial assets and liabilities are initially recognised at fair value, which is usually the transaction price including, where appropriate, transaction costs, with the exception of trade receivables without a significant financing component, which are measured at transaction price, determined in accordance with the entity's accounting policies for revenue.

1. Accounting policies

Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets are classified at fair value through other comprehensive income where they arise from contracts which give rise to cash flows which are solely principal and interest and which are held in a business model which realises some through sale and some by holding them to maturity. These are recognised initially at fair value plus any directly attributable transaction costs, or in the case of trade receivables, at the transaction price.

At the end of each reporting period, they are re-measured to fair value, and the cumulative gain or loss compared to their amortised cost being recognised in other comprehensive income and in the fair value reserve. Interest income, and foreign exchange gains or losses on these assets are included in finance income or expenses in profit or loss. These assets are also subject to impairment.

When these assets are derecognised, the cumulative gain or loss is reclassified from equity to profit or loss.

Trade and other receivables

Receivables are initially measured at fair value which is usually equal to the nominal amount. Receivables are subsequently measured at amortised cost usually equalling nominal value less provisions for bad debts.

Trade and other payables

Other financial liabilities are measured at amortised cost which usually corresponds to nominal value.

Impairment of assets

(i) Impairment of financial assets

The Company recognises an allowance for impairment on financial assets held at FVOCI and AC, and also on contract assets, lease receivables and some financial guarantees on an expected credit loss basis. Increases and decreases in the impairment allowance are recognised in profit or loss.

Expected credit losses are the difference between the contractual cash flows (or transaction price) and the cash flows expected to be received at the end of the reporting period based on the Company's past loss experience and reasonable and supportable expectations about future credit conditions.

For trade and bills receivable and contract assets, the Company recognises impairment both individually and using provision matrices based on the probability that the customer will default during the lifetime of the asset, and the loss that will be incurred given the default (the lifetime expected loss).

In respect of trade and other receivables, the Company regularly performs assessment of creditworthiness on all customers for the Company's commercial transactions to monitor the risk arising from customers' inability or unwillingness to make full and timely payments. These evaluations focus on the customer's current ability to pay, historical payment records and take into account information specific to the customer as well as pertaining to the country and economic environment in which the customer operates.

1. Accounting policies

The credit period of trade receivables is agreed and reviewed for each individually significant project. The Company has a department to monitor and control the collection of past due trade receivables. The Company will consider allowance for debts due from customers with poor credit records. Further transactions with these customers are carefully analysed and authorised by senior management of the Company. If necessary, the Company requires collateral or other credit enhancements from customers, which include third-party guarantees, fixed-asset pledges, performance index monitoring etc. The value and efficacy of collateral or other credit enhancements will be assessed at the project review phase and reviewed on a regular basis during the whole business cycle.

All receivable and contract assets impairment calculations are done automatically according to data published and valid at the moment of calculation. And the rate for calculation as below for 2020：

Customer credit rating	Contract assets	Accounts recievable						
		Undue	0-3 Mon Past Due	4-6Mon Past Due	7-12 Mon Past Due	1-2 Years Past Due	2-3 Years Past Due	3 Years Past Due
A	0.10%	0.10%	0.16%	0.77%	2.01%	8.86%	45.12%	100%
B	0.21%	0.21%	0.31%	2.01%	4.82%	15.58%	57.20%	100%
C	0.41%	0.41%	0.62%	3.06%	6.46%	18.41%	61.32%	100%
D	0.77%	0.77%	1.17%	4.49%	9.49%	23.80%	63.03%	100%
E	1.54%	1.54%	2.34%	12.72%	19.70%	36.33%	72.44%	100%
Not evaluated yet	69.00%	69.00%	89.00%	89.00%	100.00%	100.00%	100.00%	100%

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item under equity.

Prepayments received from customers

Prepayments received from customers comprise of payments received relating to income in subsequent years. Prepayments are measured at the consideration received or receivable.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to assets and liabilities where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

1. Accounting policies

Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be reliably estimated, disclosure is made of the contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

The main types of provisions are as follows:

Provision for warranty

Standard warranty (bundled with equipment sales) for the consumer products, such as for mobile phones. It is required by law that Huawei should provide replacement or repair services for defective products it sold. Such warranties provide the customer with assurance that the products will comply with specifications stipulated in the contract and no additional assurance or service is provided. As such, standard warranty for device products is determined as assurance-type warranty and will not be considered as a separate performance obligation. Under IAS 37, it should be treated as a warranty provision.

Provision for product sales

The Company may provide rebates to customers and other sales based incentives based on contractual agreements or specific incentive programmes. The provisions for such incentives are estimated, and regularly reviewed, based on various factors including, but not limited to, contractual terms, customary business practices, expected take up rates, experience of similar contracts, and historical experience.

The Company also provides sales incentives in the form of discounts when eligible purchases exceed a defined value or volume and may be either for a fixed or variable amount depending on the nature of the contractual agreement. These provisions are estimated, and regularly reviewed, based on several factors, including but not limited to, expected purchase volumes, contractual terms, customary business practices and historical experience.

Cash flow statement

Cash flow from operating activities

The cash flows from operating activities are reported using the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and deposits comprise cash at bank and on hand, demand deposits with banks and other financial institutions, demand deposits with third party merchants, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Notes to Financial Statements

1. Accounting policies

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations & Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	Operating profit / revenue
Return on invested capital	(Profit before tax - dividends) / Total capital such as Invested capital can be in buildings, projects, machinery, other companies
Gross margin	Revenue - COGS / revenue * 100
Current ratio	Current assets / current liabilities
Solvency ratio	Profit after tax / ST and LT liabilities
Return on equity	Profit after tax / shareholder equity
Investments in tangible fixed assets	Consist of additions to Property, Plant and Equipment, details note 11.

2. Accounting judgements and estimates

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The judgments, estimates and assumptions made are based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical judgments, estimates and assumptions for the individual items are described below.

The Company is also subject to risks and uncertainties that may lead to actual results differing from these estimates, both positively and negatively.

Net realisable value of inventories

The net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market condition and the historical experience of distributing and selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles or other changes in market condition. Management will reassess the estimations at the end of each reporting period.

Provisions

The Company makes provisions for product sales, outstanding litigations and claims based on project budgets, contract terms, available knowledge and past experience. The Company recognises provisions to the extent that it has a present legal or constructive obligation as a result of a past event; that it is probable that an outflow of resources will be required to settle the obligation; and that the amount can be reliably estimated. Judgement is required in making such estimates and the ultimate outcome may be different.

Receivables

For trade and bills receivable and contract assets, the Company recognises impairment both individually and using provision matrices based on the probability that the customer will default during the lifetime of the asset, and the loss that will be incurred given the default (the lifetime expected loss).

In respect of trade and other receivables, the Company regularly performs assessment of creditworthiness on all customers for the Company’s commercial transactions to monitor the risk arising from customers’ inability or unwillingness to make full and timely payments. These evaluations focus on the customer’s current ability to pay, historical payment records and take into account information specific to the customer as well as pertaining to the country and economic environment in which the customer operates.

Notes to Financial Statements

3. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended December 31, 2020

The IASB has issued a number of new amendments which will affect the financial statements in subsequent accounting periods.
The following amended standards and interpretations are not expected to have a significant impact on the Company's consolidated financial statements;

Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The amendments are not expected to have an impact on the Company.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and

hedge accounting.

i. Change in basis for determining cash flows

The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

At 31 December 2020, the Company has no sterling LIBOR secured bank loans that will be subject to IBOR reform.

ii. Hedge accounting

The amendments provide exceptions to the hedge accounting requirements in the following areas:

Allow amendment of the designation of a hedging relationship to reflect changes that are required by the reform.

When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, the hedged items are allocated to subgroups based on the benchmark rates being hedged.

If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.

At 31 December 2020, the Company has no cash flow hedges of sterling LIBOR risk.

Notes to Financial Statements

3. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended December 31, 2020

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

Reference to Conceptual Framework (Amendments to IFRS 3)

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments are not expected to have a material impact on the Company.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

The Company is currently assessing the impact the amendments will have on current practice.

IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective,

IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

Notes to Financial Statements

3. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended December 31, 2020

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not applicable to the Company.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to

IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary

that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments will have an impact on the Company.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

Notes to Financial Statements

4. Revenue

	EUR '000 2020	2019
Products	40,864	61,062
Services	23,916	51,287
Total	**64,780**	**112,349**

5. Fees to auditor appointed at the general meeting

	EUR '000 2020	2019
Statutory audit	68	68
Total	**68**	**68**

6. Staff cost

	EUR '000 2020	2019
Wages and salaries	9,982	15,695
Pensions	415	1,096
Total	**10,397**	**16,791**

	2020	2019
Average number of full-time employees	54	133

With reference to the Danish financial statement act §98b, section 3 no. 2 Board and management remuneration is omitted, since only one person is in scope and receives remuneration.

7. Financial income

	EUR '000 2020	2019
Foreign exchange income	9	377
Other financial income	0	-2
Total	**9**	**375**

8. Financial expenses

	EUR '000 2020	2019
Foreign exchange loss	-80	429
Interest expense	207	147
Interest expenses on lease liabilities	15	9
Other financial expenses	574	1,229
Total	**717**	**1,814**

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Notes to Financial Statements

9. Tax on the profit from ordinary activities

EUR '000

	2020	2019
Current tax on profits for the year	161	766
Current tax on profits for previous years	6	-62
Total current tax expense	**167**	**704**
Deffered tax on profits for the year	250	-3
Deffered tax on profits for previous years	-5	0
Total deferred tax assets	**245**	**-3**
Income tax expenses for the period	**412**	**701**
Income tax expenses are specified as follows:		
Calculated 22.0% tax on profit for the year before income tax	**365**	**715**
Tax effects of:		
Non-deductable expenses	46	48
Adjustments in respect of prior years	1	-62
Other	-0	-0
	412	**701**

10. Intangible assets

EUR '000

	Patents and software licenses
Cost at 1 January 2019	600
Additions	0
Disposals	-448
Cost at 31 December 2019	152
Impairment losses and amortisation at 1 January 2019	-596
Amortisation	444
Impairment losses and amortisation at 31 December 2019	-152
Carrying amount at 31 December 2019	**0**
Cost at 1 January 2020	152
Additions	0
Disposals	-152
Cost at 31 December 2020	0
Impairment losses and amortisation at 1 January 2020	-152
Amortisation	152
Impairment losses and amortisation at 31 December 2020	0
Carrying amount at 31 December 2020	**0**

Notes to Financial Statements

11. Property, Plant and Equipment

EUR '000

	Leasehold improvements	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2019	487	7,023	7,510
Additions	0	132	132
Disposals	94	-3,971	-3,877
Cost at 31 December 2019	581	3,184	3,765
Impairment & depreciation at 1 January 2019	-442	-5,688	-6,130
Depreciation	-48	-809	-857
Depreciation, disposed assets	0	3908	3908
Impairment & depreciation at 31 December 2019	-490	-2,589	-3,079
Carrying amount at 31 December 2019	**91**	**595**	**686**
Cost at 1 January 2020	581	3,184	3,765
Additions	4	389	394
Disposals	-487	-447	-934
Cost at 31 December 2020	98	3,126	3,225
Impairment & depreciation at 1 January 2020	-490	-2,589	-3,078
Depreciation	-20	-486	-506
Depreciation, disposed assets	487	411	897
Impairment & depreciation at 31 December 2020	-23	-2,664	-2,688
Carrying amount at 31 December 2020	**75**	**462**	**537**

Notes to Financial Statements

12. Right of use assets

EUR '000

	Buildings (incl: office & apartments)	Motor vehicles and others	Total
Cost at 1 January 2019	128	281	410
Additions	1,765	1	1,766
Derecognition	-114	0	-114
Cost at 31 December 2019	1,779	283	2,062
Impairment & depreciation at 1 January 2019	0	0	0
Depreciation	-182	-189	-371
Depreciation, disposed assets	0	0	0
Impairment & depreciation at 31 December 2019	-182	-189	-371
Carrying amount at 31 December 2019	**1,597**	**94**	**1,691**
Cost at 1 January 2020	1,779	283	2,062
Additions	300	-209	91
Derecognition	-	-	-
Cost at 31 December 2020	2,079	74	2,152
Impairment & depreciation at 1 January 2020	-182	-189	-371
Depreciation	-490	121	-369
Depreciation, disposed assets	0	0	0
Impairment & depreciation at 31 December 2020	-673	-68	-740
Carrying amount at 31 December 2020	**1,406**	**6**	**1,412**

13. Lease Expenses

EUR '000

	As at 31/12/2020	As at 31/12/2019
Rental expenses that do not meet the definition of a lease	187	280
Lease expenses short-term	238	755
Rental expenses-low values	9	0

14. Lease Commitments for short-term leases and low value leasses

	As at 31/12/2020	As at 31/12/2019
Within 1 year	25	74
After 1 year but within 2 years	18	0

Notes to Financial Statements

15. Receivables

	2020	EUR '000 2019
Trade receivables at 31 December	7,603	37,883
Less provision for impairment of trade receivables	-56	-65
Trade receivables net	**7,547**	**37,818**
Current	7,603	34,370
Non-current	0	3,513
	7,603	**37,883**
Movement on the Company provision for impairment of receivables are as follows:		
At 1 January	65	**101**
Provision and reversal during the year	-10	-36
At 31 December	**56**	**65**
Allocation of overdue net receivables (not written off) by maturity period are as follows:		
0-6 months	-43	214
7-12 months	0	0
1-2 years	0	0
Overdue net receivables at 31 December	**-43**	**214**

16. Deferred Tax

	2020	EUR '000 2019
Deferred tax at 1 January	1441	1438
Adjustment of deferred tax	-247	2
Deferred tax at 31 December	**1,194**	**1,440**
Deferred tax relates to:		
Accrued expense	110	262
Property, plant and equipment	166	133
Provision	918	1045
Total	**1,194**	**1,440**

Notes to Financial Statements

17. Inventory

EUR '000

	2020	2019
Inventory compromises of:		
Spare parts	1,385	1,130
Finished goods	647	1,182
	2,032	**2,312**
Amount of inventories recognised as an expense and included in profit or loss:		
Carrying amount of inventories sold	28,837	51,294
Write-down of inventories	262	-486

As at 31 December 2020 and 2019, the Company did not hold any inventories pledged as collateral for liabilities or contingent liabilities.

18. Share Capital

	EUR '000
Share Capital at end of year	**101**

Share Capital consists of 7,500 shares at 100 DKK, equivalent of 101 thousand EUR. All shares are fully paid and rank equally with regards to Company's residual assets. The shares have not been divided into classes. There are no changes in share capital in the past five financial years.

19. Other provisions

EUR '000

	2020
Other provisions comprises of:	
Provision for Write down of inventory	0
Provision for Voucher	0
Provision for Claims	0
Provision for Price warranty	0
Provision for Warranty	695
Provision for Others	141
Total	**836**
Other provisions at 1 January	1,326
Reversal	-490
Provision for the year	0
Other provisions at 31 December	**836**
The provisions are expected to be payable in:	
0-1 year	362
After 1 year	474
Total	**836**

Provision for warranties relates mainly to products sold during the year and is determined based on estimates made from historical warranty data associated with similar products and the amount of products covered by warranty at the end of the reporting period and their corresponding remaining warranty periods. Most claims are expected to be settled within one year.
Other provisions relate to estimated losses on executing or terminating procurement agreements.

Notes to Financial Statements

20. Financial assets and liabilities

EUR '000

	2020	2019
The below table sets out the carrying amount of recognised financial assets and liabilities.		
Financial assets:		
Loans and receivables:		
Non-current		
Long term trade receivables	0	3,513
Current		
Trade receivables	7,603	34,370
Trade Receivables owed by group enterprises	1,041	991
Other receivables	294	215
Cash and bank deposits	37,079	25,716
Total Loans and receivables	**46,018**	**64,805**
Financial liabilities:		
Financial liabilities at amortised cost:		
Trade payable	12,096	12,953
Payable to group enterprises	12,222	9,896
Lease liabilites	1,461	1,724
Total Financial liabilities at amortised cost	**25,779**	**24,573**

21. Contractual obligations, contingencies, etc.

EUR '000

	2020	2019
Contingent assets		
Pending lawsuit or filed for damages	0	0
Contingent liabilities		
Provision for claims	0	200

Notes to Financial Statements

22. Related party disclosures
Huawei Technologies (Denmark) ApS related parties comprise of the following:

Parties exercising control
Huawei Technologies Coöperatief U.A, Netherlands.
Huawei Technologies Coöperatief U.A holds 100% of the share capital in the Company.

Ultimate parent company
Huawei Investment & Holding Co., Ltd., China
The consolidated financial statements of Huawei Investment & Holding Co., Ltd. are available at Company's website http://www.huawei.com/en/press-events/annual-report

Related parties	Nature of business
Huawei Technologies Coöperatief U.A, Netherlands.	Service/Dividend
Huawei Technologies Co., Ltd.	Equipment/Software,Service
Shenzhen Smartcom Business Co., Limited	Service
Smartcom (Hong Kong) Co., Limited	Service
Huawei Device (Hong Kong) Co., Limited	Equipment/Software
Huawei International Co. Limited	Equipment/Software
Huawei Device (Dongguan) Co., Limited	Service

Board and Management
Shi, Yanli
Li, Jian
Gan, Jianhua
Lichao, Jiang

Notes to Financial Statements

23. Related party disclosures (continued)

The following transactions were carried through with related parties:

		2020	EUR '000 2019
Transactions with parent:			
Huawei Technologies Coöperatief U.A.	Purchase	28	46
Transactions with affiliates:			
Huawei Technologies Co., Ltd.	Purchase	14,959	21,158
Shenzhen Smartcom Business Co., Limited	Purchase	1	5
Huawei Marine Networks Co.,Ltd.	Purchase	0	165
Smartcom (Hong Kong) Co., Limited	Purchase	1	1
Huawei Device (Hong Kong) Co., Limited	Purchase	14,360	26,887
Huawei International Co. Limited	Purchase	8,188	9,631
Huawei Technologies Co., Ltd.	Sales	1,967	1,803
Huawei Device (Hong Kong) Co., Limited	Sales	129	370
Huawei Device (Dongguan) Co., Limited	Sales	165	0
Huawei International Co. Limited	Sales	644	1,875

	Receivable 31.12.2020	Payable 31.12.2020	Receivable 31.12.2019	EUR '000 Payable 31.12.2019
Outstanding with parent:				
Huawei Technologies Coöperatief U.A,	0	28	0	46
Outstanding with other related parties:				
Huawei Technologies Co., Ltd.	531	10,543	578	5,845
Shenzhen Smartcom Business Co., Limited	0	8	0	21
Smartcom (Hong Kong) Co., Limited	0	0	0	5
Huawei Device (Hong Kong) Co., Limited	313	572	0	2,066
Huawei Device (Dongguan) Co., Limited	111	0	0	0
Huawei International Co. Limited	86	1,072	412	1,914

Notes to Financial Statements

24. Financial risk management

Financial risk factors

Market risk
Foreign exchange risk
The Company's transactions are mainly in DKK and EUR. DKK is considered to have a very low risk vs. EUR and consequently, the Company is not subject to any significant foreign exchange risk.

Interest rate risk
The Company's financial assets and liabilities primarily consist of short-term financial assets and liabilities which are not interest-bearing, hence the interest rate risk is limited.

Credit risk
Credit risk arises from bank deposits and trade receivables. The Company uses a large international bank, and credit risk is considered limited.

The Company’s credit risk arising from trade receivables is limited. Trade receivables from the Company’s largest customer are transferred to a third party on a non recourse basis whereas other trade receivables are credit insured to some extent. As of 31 December 2020, credit insured trade receivables amounted to 2,843 EUR'000 (2019: 685 EUR'000).

No actual credit loss has incurred in 2020. Below table show impaired for 2020 split on credit risk group.

Credit risk group	Impairment EUR'000
A	0
B	1
C	68
D	2
E	1
Not evaluated yet	3
Total	75

Liquidity risk
The table below analyses the Company’s financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 6 months EUR'000	More than 6 months EUR'000	Total EUR'000
At 31 December 2019			
Trade payables	12,953	0	12,953
Other payables	15,558	0	15,558
Lease liabilities	259	1,465	1,724
Total	**28,770**	**1,465**	**30,235**
At 31 December 2020			
Trade payables	12,093	3	12,096
Other payables	9,928	113	10,041
Lease liabilities	74	1,387	1,461
Total	**22,095**	**1,503**	**23,598**

The company has sufficient cash and cash inflow from operations to settle the liabilities as they fall due.

Notes to Financial Statements

25. Capital Management

The company Board determines the appropriate level of capital on an ongoing basis.
The Company has no specific target for capital.
The Company monitors capital using a ratio of ‘net debt’ to equity.
Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents.
Equity comprises all components of equity.

		EUR '000
	2020	2019
Total liabilities	50,586	64,568
Less: cash and cash equivalents	(37,079)	(25,716)
Net debt	13,507	38,852
Total equity	10,583	18,316
Net debt to equity ratio	**0.78**	**0.47**

26. Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.