

Advania Danmark A/S

Marielundvej 46D
2730 Herlev

CVR no. 32 64 34 85

Annual report 2020

The annual report was presented and approved at the
Company's annual general meeting on

26 April 2021

chairman



Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Financial highlights	6
Operating review	7
Financial statements 1 January – 31 December	10
Income statement	10
Balance sheet	11
Statement of changes in equity	13
Notes	14

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Advania Danmark A/S for the financial year 1 January – 31 December 2020.

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

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 for the financial year 1 January – 31 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, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Herlev, 26 April 2021
Executive Board:




Carsten Weis Hansen

Board of Directors:




Gestur Gestsson
Chairman



Eirik Mikael Karlsson
Noaksson



Egir Már Þórisson



Lilja Brynja Skúladóttir



Independent auditor's report

To the shareholder of Advania Danmark A/S

Opinion

We have audited the financial statements of Advania Danmark A/S for the financial year 1 January – 31 December 2020 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 in accordance with 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 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.

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

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 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

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

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

Statement on 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.

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

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

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

Copenhagen, 26 April 2021

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Carsten Nielsen
State Authorised
Public Accountant
mne30212

Advania Danmark A/S
Annual report 2020
CVR no. 32 64 34 85

Management's review

Company details

Advania Danmark A/S
Marielundvej 46D
2730 Herlev

CVR no.:	32 64 34 85
Established:	26 November 2009
Registered office:	Herlev
Financial year:	1 January – 31 December

Board of Directors

Gestur Gestsson, Chairman
Erik Mikael Karlsson Noaksson
Ægir Már Þórisson
Lilja Brynja Skúladóttir

Executive Board

Carsten Weis Hansen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
2100 Copenhagen

Annual general meeting

The annual general meeting will be held on 26 April 2021 at the Company's address.

Management's review

Financial highlights

DKK	2020	2019	2018	2017	2016
Key figures					
Revenue	148,575,750	145,924,514	158,381,061	161,875,675	142,816,423
Gross profit/loss	22,884,565	23,200,753	22,136,415	21,045,458	21,737,458
Ordinary operating profit/loss	2,132,655	5,848,531	5,119,215	5,559,041	6,500,271
Profit/loss from financial income and expenses	-207,044	-161,012	142,111	544,768	264,620
Profit/loss for the year	1,459,550	4,381,747	4,283,507	4,831,205	5,317,297
Total assets	49,484,263	46,916,235	40,938,410	37,334,552	33,034,994
Equity	17,603,657	16,272,682	16,791,331	16,059,563	13,766,604
Investment in property, plant and equipment	759,812	531,510	2,703,000	710,946	1,028,146
Ratios					
Gross margin	15.40%	15.90%	13.98%	13.00%	15.22%
Operating margin	1.43%	3.98%	0.00%	0.00%	0.00%
Return on invested capital	0.16%	0.44%	0.13%	0.03%	0.05%
Current ratio	128.74%	141.57%	157.07%	169.03%	165.65%
Return on equity	8.62%	26.50%	26.08%	32.40%	77.25%
Solvency ratio	35.57%	34.68%	41.02%	43.02%	41.67%

The key figures and ratios for 2016-2018 have been restated due to the merger between Kompetera A/S and Kompetera Solutions ApS (now Advania Danmark A/S).

Management's review

Operating review

Principal activities

Advania Danmark A/S operates within wholesale trade of computers, peripherals, software etc., as well as consultancy, hosting and support services and other related business.

Development in activities and financial position

The Company's income statement for 2020 shows a profit of DKK 1,459,550 as against DKK 4,381,747 in 2019. Equity in the Company's balance sheet at 31 December 2020 stood at DKK 17,603,657 as against DKK 16,272,682 at 31 December 2019.

Management considers the results for the year satisfactory under the given circumstances.

The past year and follow-up on last year's expected development

For the financial year 2020, the Company expected a result before tax of between DKK 4-5 million, which was not met.

The financial year 2020 has been an eventful and challenging year for Advania Danmark A/S. At the beginning of the year, the Company was sold to the Scandinavian IT Group Advania. At that time the Company's name was Kompetera A/S.

Selling to the Advania Group gives a wide range of advantages and a large network of competencies to draw upon in other countries. Further, the Company is able to even better support international clients. Unfortunately, COVID-19 hit Denmark and the rest of the world hard limiting the possibilities to meet and exchange knowledge and projects with the other Advania countries, for which reason the full effect of cooperation possibilities has not yet been achieved.

Further, the former subsidiary Kompetera Solutions ApS has been merged with Advania Danmark A/S and thus the Company has now gathered its activities in one company.

The Company had expected revenue in the area of DKK 160-170 million in 2020 against DKK 146 million in 2019. The Company fulfilled expectations until COVID-19 hit, and the Company was hit by decline in Q2 and Q3 in 2020 due to postponed projects and general setback in main client segments.

Q4 2020 showed a clear improvement, and a part of the lost has been recovered. Revenue came to DKK 149 million.

In addition to the small increase in revenue, a positive observation is that the contract-based revenue has increased compared to 2019.

The year 2020 had been targeted to be a growth year, for which reason the Company had accepted larger fixed costs compared to 2019, e.g. in the form of salary. Due to COVID-19, this growth potential was not fulfilled, which is reflected in the declining result compared to 2019.

Management's review

Operating review

Particular risks

Operating Risks

As COVID-19 lockdowns, etc., continue in 2021, there is a special risk that this will affect the Company's results negatively if clients cease the positive development from Q4 2020 and consequently puts large projects and investments on hold.

Further, due to the worldwide COVID-19 situation, problems with delivering a large range of the Company's core products have occurred. The fear is that this will continue and aggravate during 2021 depending on the development in the world.

Financial risks

Currency risks

Only a small part of the Company's activity is carried out in another currency, which is why the risk is limited. The Company does not enter into speculative currency transactions. Price risks thus relate to the operating activities, which is mainly not hedged.

Liquidity risks

Advania Danmark A/S is currently self-financing; hence the liquidity risks are very limited.

Outlook

The continued impact of COVID-19 makes it hard to predict how the market will develop in 2021. The Company expects that despite the current lockdown, we will see a market that will normalize as part of the projects cannot be postponed but will have to be executed.

Therefore, the Company expects that the effect of the expansions will be seen in 2021 and a revenue increase of approx. 20% is expected.

Knowledge resources

In order to constantly be able to sell high-quality products as well as provide high-quality service and advice, it is crucial that the company can recruit and retain employees with the necessary level of education.

Environmental matters

There is no particular environmental impact from the Company's activity.

Uncertainty regarding recognition and measurement

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

Management's review

Operating review

Unusual circumstances

The financial position at 31 December 2020 of the Company and the results of the activities of the Company for the financial year for 2020 have not been affected by any unusual events other than the merger between Advania Danmark A/S (formerly Kompetera A/S) and Kompetera Solutions ApS as described in the section "The past year and follow-up on last year's expected development" and the change in accounting policies as described in note 1 under the section "IFRS 16, Leases" and "IFRS 15, Revenue from contracts with customers".

Events after the balance sheet date

After the end of the financial year, no events have occurred that could significantly affect the company's financial position.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2020	2019
Revenue		148,575,750	145,924,514
Cost of sales		-123,504,768	-120,002,432
Other external costs		-2,186,417	-2,721,329
Gross profit		22,884,565	23,200,753
Staff costs	2	-18,682,349	-16,416,522
Depreciation, amortisation and impairment losses		-2,069,561	-935,700
Other operating costs		-13,889	-34,540
Profit before financial income and expenses		2,118,766	5,813,991
Other financial income		102,725	6,639
Other financial expenses		-309,769	-167,651
Profit before tax		1,911,722	5,652,979
Tax on profit for the year	3	-452,172	-1,271,232
Profit for the year	4	1,459,550	4,381,747

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2020	2019
ASSETS			
Fixed assets			
Intangible assets	5		
Goodwill		<u>697,381</u>	<u>0</u>
Property, plant and equipment	6		
Land and buildings		4,817,787	0
Fixtures and fittings, tools and equipment		<u>2,672,580</u>	<u>3,212,597</u>
		<u>7,490,367</u>	<u>3,212,597</u>
Investments			
Deposits		<u>339,702</u>	<u>333,041</u>
Total fixed assets		<u>8,527,450</u>	<u>3,545,638</u>
Current assets			
Inventories			
Finished goods and goods for resale		<u>1,564,350</u>	<u>2,767,917</u>
Receivables			
Trade receivables		29,641,567	33,540,415
Receivables from group entities		88,594	0
Other receivables		1,338,991	22,400
Prepayments	7	<u>1,578,674</u>	<u>3,661,192</u>
		<u>32,647,826</u>	<u>37,224,007</u>
Cash at bank and in hand		<u>6,744,637</u>	<u>3,378,673</u>
Total current assets		<u>40,956,813</u>	<u>43,370,597</u>
TOTAL ASSETS		<u><u>49,484,263</u></u>	<u><u>46,916,235</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital	8	2,000,000	2,000,000
Retained earnings		11,603,657	14,272,682
Proposed dividends for the financial year		<u>4,000,000</u>	<u>0</u>
Total equity		<u>17,603,657</u>	<u>16,272,682</u>
Provisions			
Provisions for deferred tax	9	<u>67,477</u>	<u>7,986</u>
Total provisions		<u>67,477</u>	<u>7,986</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Lease obligations	10	<u>4,260,428</u>	<u>0</u>
Current liabilities other than provisions			
Current portion of non-current liabilities		759,427	0
Banks, current liabilities		17,480	20,623
Prepayments received from customers		0	158,717
Trade payables		17,503,455	26,354,368
Payables to group entities		0	312,248
Corporation tax		392,681	0
Other payables		5,341,783	2,440,695
Deferred income	11	<u>3,537,875</u>	<u>1,348,916</u>
		<u>27,552,701</u>	<u>30,635,567</u>
Total liabilities other than provisions		<u>31,813,129</u>	<u>30,635,567</u>
TOTAL EQUITY AND LIABILITIES		<u>49,484,263</u>	<u>46,916,235</u>
Disclosure of material uncertainties regarding going concern			
Contractual obligations, contingencies, etc.	12		
Mortgages and collateral	13		
Related party disclosures	14		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2020	2,000,000	14,144,107	0	16,144,107
Transferred over the profit appropriation	<u>0</u>	<u>-2,540,450</u>	<u>4,000,000</u>	<u>1,459,550</u>
Equity at 31 December 2020	<u>2,000,000</u>	<u>11,603,657</u>	<u>4,000,000</u>	<u>17,603,657</u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Advania Danmark A/S for 2020 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act with selection of rules from IFRS 15 and 16.

IFRS 16, Leases:

With effect for the financial year 2020, the Company has chosen to apply the options of the Danish Financial Statements Act of applying IFRS 16, Leases, within the framework. Thus, the Company has changed its accounting policies, cf. below.

The Company's accounting policies have been changed as it is Management's assessment that the changed accounting policies give a more true and fair view of the financial position and the results of the Company. Moreover, the change means that the Company now applies the same accounting policies as the rest of the Group, to which the Company belongs. Leased assets are recognised with a calculated value and are depreciated over their expected useful lives, whereas the lease liability is recognised in the balance sheet.

Implementation of IFRS 16 has led to the recognition of leased assets of kDKK 5,887 and a corresponding leasing liability as of January 1, 2020. Going forward, the capitalization of leases means that the lease payments in the income statement are classified respectively as depreciation and interest rather than as operating expenses.

IFRS 15, Revenue from contracts with customers:

The Company has decided to change revenue recognition criteria from postponing revenue until final transfer of risks and rewards has taken place, to revenue when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. As a base for reporting the Company has decided to implement the revenue recognition principles lined out in IFRS 15 Revenue from Contracts with Customer. Under the new policy, recognition of sales of goods do not include changes in recognition of revenue from sales of standardized products. The change will more accurately reflect the operational performance of revenue relating to these revenue streams.

The change in accounting policy has no effect on current and prior year.

The change of accounting policy is based on the transitional rules of IFRS 15 according to which the comparative figures have not been restated. The change in accounting policy has no effect on prior year.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Advania AB.

Restatement of comparatives

Due to the merger between Kompetera A/S and Kompetera Solutions ApS (now Advania Danmark) the comparative figures of the income statement, balance sheet and notes has been restated.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

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

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, bad debts, office premises, etc.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish Group Companies. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The amortisation period is 5 years.

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
--	-----------

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

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

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as investments are 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. Write-down is made to the recoverable amount if this is lower than the carrying amount.

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 forecast net cash flows from the use of the asset or the group of assets, including forecast 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 cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash at bank and in hand

Cash at bank and in hand comprise cash at bank.

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 based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Leases

Leases are recognised in the balance sheet at the calculated amount of the lease liability. The lease liability is calculated at the present value of the lease payments calculated by applying the interest rate implicit in the lease or the Company's incremental borrowing rate as discount rate if the interest rate implicit in the lease is not available. Lease assets are depreciated and written down for impairment under the same policy as for the Company's other fixed assets.

The lease liability is recognised in the balance sheet under debt and is adjusted for repayments of lease debt on a current basis. At the same time, interest is added on the liability. Interest expenses are charged to the income statement on a current basis.

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

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 have been calculated as follows:

Return on invested capital	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$

Financial statements 1 January – 31 December

Notes

DKK	<u>2020</u>	<u>2019</u>
2 Staff costs		
Wages and salaries	17,888,822	15,473,618
Other social security costs	90,435	70,342
Other staff costs	<u>703,092</u>	<u>872,562</u>
	<u>18,682,349</u>	<u>16,416,522</u>
Average number of full-time employees	<u>24</u>	<u>18</u>
Remuneration of management has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
3 Tax on profit/loss for the year		
Current tax for the year	410,796	1,251,756
Deferred tax for the year	<u>41,376</u>	<u>19,476</u>
	<u>452,172</u>	<u>1,271,232</u>
4 Proposed profit appropriation		
Proposed dividends for the year	4,000,000	0
Retained earnings	<u>-2,540,450</u>	<u>4,381,747</u>
	<u>1,459,550</u>	<u>4,381,747</u>
5 Intangible assets		
DKK		<u>Goodwill</u>
Cost at 1 January 2020		0
Additions for the year		<u>871,726</u>
Cost at 31 December 2020		<u>871,726</u>
Amortisation for the year		<u>-174,345</u>
Amortisation and impairment losses at 31 December 2020		<u>-174,345</u>
Carrying amount at 31 December 2020		<u>697,381</u>

Financial statements 1 January – 31 December

Notes

6 Property, plant and equipment

DKK	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2020	0	5,472,880	5,472,880
Net effect of change in accounting policy	5,484,249	402,814	5,887,063
Additions for the year	0	759,812	759,812
Disposals for the year	0	-820,000	-820,000
Cost at 31 December 2020	5,484,249	5,815,506	11,299,755
Depreciation and impairment losses at 1 January 2020	0	-2,260,283	-2,260,283
Net effect of change in accounting policy	-666,462	-265,316	-931,778
Depreciation for the year	0	-963,438	-963,438
Depreciation and impairment losses for the year on assets sold	0	346,111	346,111
Depreciation and impairment losses at 31 December 2020	-666,462	-3,142,926	-3,809,388
Carrying amount at 31 December 2020	4,817,787	2,672,580	7,490,367
Assets held under finance leases	4,817,787	137,497	4,955,284

7 Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

8 Equity

The contributed capital consists of 2,000,000 shares of a nominal value of DKK 1 each.

All shares rank equally.

9 Deferred tax assets

DKK	2020	2019
Deferred tax at 1 January	-7,986	11,490
Deferred tax adjustment for the year in the income statement	-59,491	-19,476
	-67,477	-7,986

Financial statements 1 January – 31 December

Notes

10 Non-current liabilities other than provisions

Liabilities other than provisions can be specified as follows:

DKK	2020	2019
Lease obligations:		
0-1 years	759,427	0
1-5 years	3,282,467	0
>5 years	<u>977,960</u>	<u>0</u>
Total liabilities other than provisions	<u>5,019,854</u>	<u>0</u>

11 Deferred income

Deferred income of DKK 3,538 thousand (2019: DKK 1.349 thousand) comprise payments received from customers that cannot be recognised until the subsequent financial year.

12 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company participates in a Danish joint taxation arrangement with its parent company, Advania Holding. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for obligations, if any, relating to withholding tax on income taxes, interest, royalties and dividend for the jointly taxed companies.

13 Mortgages and collateral

As security for debt to a bank, the Company has pledged a corporate mortgage of a nominal DKK 3,000,000.

14 Related party disclosures

Advania Danmark A/S related parties comprise the following:

Control

Advania Danmark A/S is part of the consolidated financial statements of Advania AB, Frederiksborgsgatan 24, 117 43 Stockholm, Sweden, which is the smallest and largest group, in which the Company is included as a subsidiary.

The consolidated financial statement of Advania AB can be obtained by contacting the companies at the address above.

Financial statements 1 January – 31 December

Notes

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.