

HP Inc Danmark ApS

Engholm Parkvej 8, Denmark-3450, Allerød

Business Registration number: 36497718

Annual Report for the period 1 November 2017 - 31 October 2018

The Annual Report was presented and adopted at the Annual General Meeting
on 8 March, 2019

Chairman of the General Meeting



Heli Aaltonen

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Pursuant to the resolution passed by shareholders, this annual report has been prepared only in English

English decimal notation and digit grouping system has been used in the preparation of this annual report

Entity Details

Entity

HP Inc Danmark ApS
Engholm Parkvej 8
3450 Allerød

Business Registration No: 36497718

Registered in : Allerød

Financial Year : 1 November 2017 - 31 October 2018

Board of Directors

Heli Aaltonen, Chairman
Renee Mulqueeney
Peter Møller Kristensen

Executive Board

Peter Møller Kristensen

Entity Auditors

Ernst & Young
Godkendt Revisionspartnerselskab
Osvold Helmuths Vej 4
2000 Frederiksberg

Statement by the Management on the Annual Report

Today the Board of Directors and the Executive Board have discussed and approved the annual report of HP Inc Danmark ApS for the financial year 1 November 2017 - 31 October 2018.

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 financial position of the Company at 31 October 2018 and of the results of Company's operations for the financial year 1 November 2017 - 31 October 2018.

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 approved at the annual general meeting.

Allerød, 8 March 2019

Executive Board



Peter Møller Kristensen
Managing Director

Board of Directors



Heli Aaltonen
Chairman



Renee Mulqueeny



Peter Møller Kristensen

Independent Auditor's Report

To the shareholders of HP Inc Danmark ApS

Opinion

We have audited the financial statements of HP Inc Danmark ApS for the financial year 1 November 2017– 31 October 2018, which comprise 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 financial position of the Company at 31 October 2018 and of the results of the Company's operations for the financial year 1 November 2017– 31 October 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Independent Auditor's Report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note 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.

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.

Copenhagen, 8 March 2019

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30700228



Alex Petersen

State Authorised Public Accountant

mne28604

Management Commentary

Financial Highlights	2017/18 DKK '000	2016/17 DKK '000	2015/16 DKK '000	2015 DKK '000 (3 months)
Key figures				
Revenue	1,717,739	1,747,905	1,482,104	354,530
Gross profit/loss	102,839	88,066	77,475	12,157
Operating profit/loss	30,149	30,793	13,603	(2,550)
Net financial income/expenses	(5,804)	(17,930)	(2,654)	1,683
Profit/loss for the year	18,642	9,731	10,257	(872)
Total assets	559,052	551,776	498,674	440,690
Investment in property, plant and equipment	3,269	203	817	191
Equity	185,777	167,135	157,404	147,147
Average Number of employees	72	61	63	61
Ratios				
Return on equity (%)	10.6	6.0	6.7	(1.2)
Solvency ratio (%)	33.2	30.3	31.6	33.4
Return on assets ratio (%)	5.4	5.6	2.7	(0.6)

Note:

Financial ratios are calculated in accordance with recommendations of the Danish Financial Society.

Ratio	Calculation formula
<i>Return on equity (%)</i>	$\frac{\text{Profit/ loss after tax for the year} \times 100}{\text{Average equity}}$
<i>Solvency ratio (%)</i>	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
<i>Return on assets ratio (%)</i>	$\frac{\text{Profit before net financial income/ expenses} \times 100}{\text{Total assets}}$

Ratios reflect

Return on equity

The entity's return on capital invested in the entity by the owners.

Solvency ratio

The financial strength of the entity.

Return on assets ratio

The efficiency of the entity to use it's assets to generate earnings.

Management Commentary

Primary activities

HP Inc Danmark ApS (the Company or HP) is a wholly owned subsidiary of Alpha Holding Two B.V. and thereby a part of HP Inc., one of the largest IT companies in the world. HP Inc. has reported a net revenue of USD 58.5 billion for the latest financial year.

The Company imports, markets and sells a broad range of IT products, solutions and services for enterprises, public institutions and consumers in the Danish and Icelandic markets. These IT products include a full range of printing and personal computer solutions, including Inkjet and Laser Jet printers, 3D printers, Large format printers, Graphic printing solutions, Scanners, Multifunction products, Consumables, Desktops, Laptops, Tablets, Monitors, Terminal solutions and Thin clients.

Development in activities and economic conditions

The revenue for the period from 1 November 2017 - 31 October 2018 was TDKK 1,717,739. The income statement of the Company for 2018 shows a profit of TDKK 18,642 and at 31 October 2018 the balance sheet of the Company shows equity of TDKK 185,777.

The Danish economy showed strong market sentiment in the Personal Computer (PC) Commercial segment and a slight decline year over year on the PC Consumer side. The Company managed to gain or maintain market share in majority of the segments.

There was an overall decline in the print market but the Company managed to maintain a steady business year over year. The global acquisition of Samsung by HP Inc. has helped the Company increase its share of Office Printing business.

Outlook

The Company expects to further grow market share in selected segments on Personal Computer segment in the fiscal year 2019 as a result of HP being selected for 2 major public sector frame agreements.

The Company foresees market trend of everything-as-a-service, where in personal systems and printing devices are offered as services. Observing these trends, the Company sees growth in this sector. Also, 3D printing is considered an area of growth.

Particular risks

The Company's revenue and earnings are highly vulnerable to general economic developments in Denmark and in Iceland.

The competitors' market activities also affect the Company's results. The Company competes on brand, technology, performance, price, quality, reliability, customer relations, distribution, security, cost structure, price structure and availability. If the Company's products, solutions and services are unable to compete successfully on these parameters, its results will suffer. Fluctuations in the US dollar rate may also affect revenue and earnings negatively.

The Company relies on the parent Company's continuous development and manufacture of the products demanded by the Danish market. Finally, the Company's supply capability may be impacted by industry insufficient production capacity.

Management Commentary

Statutory report on Corporate Social Responsibility (CSR)

Since HP Inc. operates with global policies that are applicable at all HP operations worldwide and therefore, the Company does not have any local policies on CSR, including on human rights, climate issues, environmental issues, social and employee conditions and anticorruption.

The parent Company operates a wide ranging global CSR programs and publishes an annual Sustainable Impact report describing the Group's CSR targets and activities.

The Company endorses the United Nations' Global Compact as the basis for development, implementation and dissemination of sustainable policies and practices. The Company complies with the EU's Waste Electrical and Electronic Equipment Directive.

HP Inc. carries on social activities within five main areas: education, health, supply chain, environment and energy, supporting a number of educational and health projects across the world through its technology and working, through global cooperation with the supply chain, to ensure that it's 700 sub suppliers act ethically and comply with applicable rules and regulations in relation to the environment, sustainable production, human rights, etc.

Statutory report on the gender distribution

As at 31 October 2018, one out of the three Board members is a woman, thereby ensuring gender diversity on the Board. This is also in line with Company's goal to have 33.3% of the Board comprise of the underrepresented gender.

A 27% share of the Company's employees are women. According to the Company's latest statement, the Company has 40% female leaders in the Country Management Team.

The Company follows the Global Non-Discrimination Policy which states that HP demonstrates an on-going commitment to people and to fair employment practices. HP believes that a diverse workforce helps the company realize its full potential to innovate and win in the marketplace. Recognizing and developing the talents of each individual brings new ideas to HP. The company benefits from the creativity and innovation that results when HP people who have different experiences, perspectives and cultures work together. This is what drives invention and high performance at HP. We believe a well-managed diverse workforce, aware of biases, expands HP's base of knowledge, skills and cross-cultural understanding. This allows us to create technology for everyone, everywhere making diversity and inclusion a vital part of who we are.

HP provides specific initiatives to increase level of female leaders globally as well as in Denmark such as talent programs, networks, mentoring programs, trainings for recruiting manager with increased level of diversity knowledge.

Management Commentary

Employee care

The Company has focus on substantial health efforts including healthy food in the canteen, gym facilities, massage facilities and various awareness campaigns.

The ability to pursue a career within the Company is another focus area. This is promoted through focusing on internal mobility, including profiling of vacant internal positions.

Focus on securing employees the best possible compensation package is unwavering. Against this background, our already favorable pension scheme will regularly be put up for tender, resulting in even better savings and pension conditions for our employees. Finally, the Company has many staff benefits in the form of family activities and staff and sports clubs.

The Company's efforts have resulted in high employee engagement scores showing greater levels of employee satisfaction.

Events after the balance sheet date

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

Income Statement for 2017/18

	Notes	2017/18 DKK '000	2016/17 DKK '000
<i>Net revenue</i>	1	1,717,739	1,747,905
<i>Cost of sales</i>		(1,583,291)	(1,634,875)
<i>Other external expenses</i>	2	(31,609)	(24,964)
Gross Profit/ (Loss)		<u>102,839</u>	<u>88,066</u>
<i>Staff costs</i>	3	(72,248)	(57,029)
<i>Depreciation, amortization and impairment losses</i>	4	(442)	(244)
Operating Profit/ (Loss)		<u>30,149</u>	<u>30,793</u>
<i>Financial income</i>	5	862	2,980
<i>Financial expenses</i>	6	(6,666)	(20,910)
Profit/ (Loss) before tax		<u>24,345</u>	<u>12,863</u>
<i>Tax for the year</i>	7	(5,703)	(3,132)
Net Profit/ (Loss) for the year		<u><u>18,642</u></u>	<u><u>9,731</u></u>

Balance Sheet as at 31 October 2018

Assets

	Notes	2017/18 DKK '000	2016/17 DKK '000
<i>Fixtures, fittings, tools and equipment</i>		1,337	825
<i>Tangible assets under construction</i>		2,264	0
Property, plant and equipment	8	3,601	825
Fixed Assets		3,601	825
<i>Goods for resale</i>		10,105	14,871
Inventories		10,105	14,871
<i>Trade receivables</i>		71,528	61,176
<i>Receivables from group enterprises</i>		468,130	469,053
<i>Deferred tax asset</i>	9	3,307	2,507
<i>Other receivables</i>		1,220	1,791
<i>Prepayments</i>	10	1,161	1,382
Receivables		545,346	535,909
Cash at bank and in hand		-	171
Current Assets		555,451	550,951
Assets		559,052	551,776

Balance Sheet as at 31 October 2018

Equity and Liabilities

	Notes	2017/18 DKK '000	2016/17 DKK '000
<i>Share capital</i>		50	50
<i>Other reserves</i>		147,969	147,969
<i>Retained earnings</i>		37,758	19,116
Equity		<u>185,777</u>	<u>167,135</u>
<i>Other provisions</i>	11	36,022	37,121
Provisions		<u>36,022</u>	<u>37,121</u>
<i>Long term lease payables</i>	12	1,903	727
<i>Long term deferred income</i>	13	64,398	57,701
Non current liabilities other than provisions		<u>66,301</u>	<u>58,428</u>
<i>Short term lease payables</i>	12	857	317
<i>Short term deferred income</i>	13	68,581	57,752
<i>Trade payables</i>		18,647	12,636
<i>Payables to group enterprises</i>		137,722	184,810
<i>Income tax payable</i>		6,509	2,218
<i>Other payables</i>		38,636	31,359
Current liabilities other than provisions		<u>270,952</u>	<u>289,092</u>
Liabilities other than provisions		<u>337,253</u>	<u>347,520</u>
Equity and liabilities		<u><u>559,052</u></u>	<u><u>551,776</u></u>

Balance Sheet as at 31 October 2018

Contractual obligations and contingencies, etc.	14
Share based payments	15
Transactions with related parties	16
Group relations	17

Statement of changes in equity for 2017/18

	Notes	Share Capital DKK '000	Other Reserves DKK '000	Retained Earnings DKK '000	Total DKK '000
<i>Equity at the beginning of the year</i>		50	147,969	19,116	167,135
<i>Profit/ loss for the year</i>	18	0	0	18,642	18,642
Equity at the end of the year		50	147,969	37,758	185,777

The share capital consists of 50,000 shares of nominal value DKK 1 per share. No shares carry any special rights.

Notes to Financial Statements

	2017/18 DKK '000	2016/17 DKK '000
1 Revenue		
<i>By geographical segment</i>		
Denmark	1,680,354	1,689,398
Other countries	37,385	58,507
	<u>1,717,739</u>	<u>1,747,905</u>
<i>By business segments</i>		
Personal Systems	1,374,191	1,425,149
Print	343,548	322,756
	<u>1,717,739</u>	<u>1,747,905</u>
2 Fee to auditors appointed at general meeting		
Statutory audit services	141	121
	<u>141</u>	<u>121</u>
3 Staff costs		
Wages and salaries	66,800	52,265
Pension costs	4,926	4,270
Other social security expenses	522	494
	<u>72,248</u>	<u>57,029</u>
Average number of employees	72	61
Remuneration to Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act		
4 Depreciation, amortization and impairment losses		
Depreciation of plant, property and equipment	442	244
	<u>442</u>	<u>244</u>
5 Financial income		
Interest received from group enterprises	808	2,939
Other financial income	54	41
	<u>862</u>	<u>2,980</u>

Notes to Financial Statements

	2017/18 DKK '000	2016/17 DKK '000
6 Financial expenses		
Foreign exchange losses	6,564	20,738
Other financial expenses	102	172
	<u>6,666</u>	<u>20,910</u>
7 Tax on profit/loss for the year		
Current tax	6,505	1,679
Change in deferred tax	(801)	1,392
Adjustment of tax for previous year	(1)	61
	<u>5,703</u>	<u>3,132</u>
8 Property, plant and equipment		
	Fixtures, fittings, tools and equipment	Tangible assets under construction
Cost - beginning of the year	1,211	0
Additions for the year	1,005	2,264
Retirements for the year	(82)	0
Cost - end of the year	<u>2,134</u>	<u>2,264</u>
Depreciation - beginning of the year	(386)	0
Depreciation adjustment for retirements	31	0
Depreciation for the year	(442)	0
Accumulated Depreciation - end of the year	<u>(797)</u>	<u>0</u>
Carrying amount at the end of the year	<u>1,337</u>	<u>2,264</u>
<i>Including assets under finance lease</i>	1,300	0

Notes to Financial Statements

9 Deferred tax asset	2017/18 DKK '000	2016/17 DKK '000
Opening balance	2,507	3,355
Change in deferred tax	801	(1,392)
Adjustment prior years	-	544
	<u>3,308</u>	<u>2,507</u>
Deferred tax relates to:		
Property, plant and equipment	829	500
Trade receivables	205	103
Provisions	2,274	1,904
	<u>3,308</u>	<u>2,507</u>

10 Prepayments

Prepayments consists of prepaid expenses concerning rent, insurance premiums, subscriptions and interests as well.

11 Other provisions

The company provides warranties of 1 to 3 years on some of its products and is therefore obliged to repair or replace the goods that are not satisfactory. Based on previous experience in respect of repairs and returns, other provision of TDKK 36,022 (FY17: TDKK 37,121) have been recognized against warranty claims.

12 Lease payables

Payments due within 1 year are recognized as short term and the rest is recognized as long term.

	2017/18 DKK '000	2016/17 DKK '000
Between 1 and 5 years	1,903	727
Less than 1 year	857	317
	<u>2,760</u>	<u>1,044</u>

13 Deferred income

Deferred income primarily relates to support contracts booked as income over the term of the contracts, long term deferred income includes contracts for which revenue will be recognized between 1 and 3 years based on the contract.

Notes to Financial Statements

	2017/18 DKK '000	2016/17 DKK '000
14 Contractual obligations and contingencies, etc.		
Operating lease commitments		
Upto 1 year	1,783	1,701
Beyond 1 year	6,207	-
	<u>7,990</u>	<u>1,701</u>

Contractual liabilities concern rental and lease obligations which have a period of non-terminability up to 3 years.

15 Share based payments

The parent Company, HP Inc., grants performance adjusted Restricted Stock Units (RSU) that vest only on the satisfaction of both service and achievement of performance goals, including market conditions prior to the expiration of awards as part of its stock based incentive plan. The Company accounts for such expense when the parent Company cross charges the expenditure upon vesting of the stocks.

During the fiscal year such expenditure was TDKK 658. At the end of the year there are 3,503 unvested RSUs having a value of TDKK 547.

	2017/18 DKK '000	2016/17 DKK '000
16 Transactions with related parties		
Key intercompany transactions:		
Purchase of goods	1,566,601	1,612,957
Services from group companies	5,658	3,106
Services to group companies	130	158
Interest income	808	2,939
Staff Expenses (Employee Stock Option)	658	679
Intercompany balances outstanding as at 31st October		
Payables to Group Companies	137,722	184,810
Cash Pool Deposits	431,486	431,409
Receivable against warranties	36,022	37,121
Other Receivables	622	523

17 Group Relations

The Company is part of the consolidated annual report of the ultimate parent Company. HP Inc. The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital.

Alpha Holding Two B.V., Startbann 16, 1187 XR Amstelveen, The Netherlands

Name and registered office of the Parent preparing consolidated financial statements:
HP Inc., 1501 Page Mill Road, Palo Alto, CA. 94304, USA (Ultimate Parent)

	2017/18 DKK '000	2016/17 DKK '000
18 Proposed distribution of profit/loss		
Transfer to retained earnings	18,642	9,731
	<u>18,642</u>	<u>9,731</u>

Accounting Policies

Reporting class

The annual report for HP Inc Danmark ApS for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

Financial statements for 2017/18 are presented in '000/ TDKK. The financial statements have been prepared in accordance with the same accounting policies as last year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Income Statement

Revenue

The Company has chosen IAS11/ IAS18 as interpretation for the recognition of revenue. Income from the sale of goods for resale and finished goods is recognised in the revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Income from sale of goods where installation is required in order that significant risks may be considered to have been transferred to the buyer is recognised in revenue when the installation has been carried out.

Income from the sale of services, comprising service contracts, is recognised in revenue on a straight-line basis as the services are delivered in the form of an indefinite number of actions over a specific period of time.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Accounting Policies

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for Company staff, net of refunds received from public authorities and pension agencies. These also include reimbursement of costs related to restricted stock units granted to employees by the Ultimate Parent Company

Depreciation

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values, useful lives of the individual assets, impairment testing as well as gains and losses from the sale of intangible assets and property, plant and equipment.

The residual value is determined at the time of acquisition and is reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognized prospectively as a change in accounting estimates.

Financial income and expenses

Other financial income and expenses comprise of interest, including interest on payables and receivables to and from group enterprises, exchange gains and losses on transactions in foreign currencies, amortization of financial assets and liabilities as well as tax surcharge and allowances under the Danish Tax Prepayment scheme etc.

Tax for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax balance, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance Sheet

Property, plant and equipment

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

Cost comprises of acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready for use. Assets that do not meet the capitalization threshold are written off immediately.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Fixtures, fittings, tools and equipment

3 - 10 years

Accounting Policies

Impairment tests are conducted on assets or group of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

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

Previously recognized impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

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

The cost of goods for resale equals landed cost as well as other costs directly attributed to the acquisition.

Net realisable value is the selling price of the product less any costs expected to be incurred to give effect to the sale.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired, in which case the carrying amount is reduced to the net realisable value. The company has chosen IAS 39 as interpretation for the measurement of impairment losses.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised for all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax value is calculated based on the planned use of each asset or settlement of liability. 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.

Deferred tax is measured on the basis of applicable tax rules and tax rates.

Prepayments

Prepayments comprise costs incurred relating to subsequent financial years and are measured at cost.

Other provisions

Provisions comprise of expenses related to warranty commitments. Provisions are recognized when the company has a legal or constructive obligation as a result of past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Accounting Policies

Operating leases

The company has chosen IAS 17 as interpretation for the presentation and recognition of lease contracts. Leases in respect of which the entity does not bear all significant risks and does not enjoy all significant benefits associated with the title to the assets are considered as operating leases. Payment under operating leases are recognised in financial statements over the term of the lease.

Other financial liabilities

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

Income tax payable or receivable

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

Deferred income

The Company records amounts invoiced to customers in excess of revenue recognized as deferred revenue until the revenue recognition criteria are satisfied. Deferred revenue represents amounts invoiced in advance for product support contracts and product sales.

Cash flow statement

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