

# HP Inc Danmark ApS

Engholm Parkvej 8, Denmark-3450, Allerød

Business Registration number: 36497718

## ***Annual Report for the period 1 November 2022 - 31 October 2023***

The Annual Report was presented and adopted at the Annual General Meeting on 10 April, 2024

Chairman of the General Meeting

*Caroline Morin*

Caroline Morin (Apr 10, 2024 13:50 GMT+2)

Caroline Morin

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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 2022 - 31 October 2023

### **Board of Directors**

Caroline Francoise Morin, Chairman  
Jan Thomas Persson  
Peder Eskildsen (Joined w.e.f. Nov 2022)

### **Executive Board**

Peder Eskildsen

### **Entity Auditors**

EY Godkendt Revisionspartnerselskab  
Lysholt Allé 10  
7100 Vejle

## 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 2022 to 31 October 2023.

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 2023 and of the results of Company's operations for the financial year 1 November 2022 to 31 October 2023.

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.

**Alleroed, 10 April, 2024**

### Executive Board

  
Peder Eskildsen (Apr 10, 2024 14:00 GMT+2)

Peder Eskildsen


### Board of Directors

  
Caroline Morin (Apr 10, 2024 13:50 GMT+2)

Caroline Françoise Morin  
Chairman

  
Thomas (Apr 10, 2024 14:35 GMT+2)

Jan Thomas Persson

  
Peder Eskildsen (Apr 10, 2024 14:00 GMT+2)

Peder Eskildsen

## **Independent Auditor's Report**

**To the shareholder of HP Inc Danmark ApS**

### **Opinion**

We have audited the financial statements of HP Inc Danmark ApS for the financial year 1 November 2022 to 31 October 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and 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 2023 and of the results of the Company's operations for the financial year 1 November 2022 to 31 October 2023 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 requirements and the IESBA Code.

### **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 skepticism 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.

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.

## **Independent Auditor's Report**

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.

**Vejle, 10 April 2024**

EY Godkendt Revisionspartnerselskab  
Lysholt Allé 10  
7100 Vejle  
CVR no. 30700228



**Lene Kamper Jorgensen**  
State Authorised Public Accountant  
mne34456

## Management Commentary

Financial Highlights	2022/23	2021/22	2020/21	2019/20	2018/19
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
<b><u>Key figures</u></b>					
Revenue	1,750,219	2,492,680	2,166,388	2,083,903	1,966,457
Gross profit/loss	103,349	108,625	128,976	109,186	104,652
Operating profit/loss	11,122	29,516	36,008	28,358	26,469
Net financial income/expenses	16,838	1,328	(709)	4,053	(583)
Profit/loss for the year	21,376	23,836	19,036	25,209	19,912
Total assets	711,808	945,880	816,566	778,169	693,829
Investment in property, plant and equipment	1,565	9	560	6,215	11,004
Equity	264,495	243,121	219,283	230,897	205,688
Average number of employees	75	73	77	78	78
<b><u>Ratios</u></b>					
Return on equity (%)	15.4	10.3	8.5	11.5	10.2
Solvency ratio (%)	37.1	25.7	26.9	29.7	29.6
Return on assets ratio (%)	1.6	3.1	4.4	3.6	3.8



## Management Commentary

### Note:

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

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

### 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 its 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 thus a part of HP Inc., one of the largest IT companies in the world. HP Inc. has reported a net revenue of USD 53.72 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 system solutions, including inkjet and laser jet printers, 3D printers, large format printers, graphic printing solutions, scanners, Audio and Video equipments for meeting rooms, headsets, multifunction products, consumables, desktops, laptops, tablets, monitors, terminal solutions and thin clients.

### Development in activities and economic conditions

In fiscal year 2023, our total revenue MDKK 1,750, slightly below our forecast, with an operating profit of MDKK 11. By the end of October 2023, our balance sheet showed equity of MDKK 264, a notable increase attributed to a profit for the year of MDKK 21. The normalization of demand following the initial COVID-19 pandemic was evident in 2023, with further declines influenced by geopolitical uncertainties. During the calendar year 2023, we grew our market share in the commercial space for both Print and PS. Also, in our growth areas, we saw bright spots where businesses grew, especially in our services business.

### Outlook

Looking ahead to fiscal year 2024, we anticipate revenue in the range of 1.9 to 2.3 billion DKK, with an estimated profit before tax of approximately 20 to 25 MDKK. However, we recognize the challenges posed by the rapidly evolving geopolitical landscape, including factors such as wars, inflation, and currency fluctuations.

We remain committed to our digital transformation journey, enhancing customer-centricity, and data-driven decision-making. Sustainability and cybersecurity remain integral to our product and service offerings. With our further integration of the HP-Poly portfolio of services, products and peripherals we strive to be the leading hybrid work solutions provider in the post-pandemic world. In addition, we are currently introducing AI PCs. AI will drive significant momentum in the market in the coming years.

## **Management Commentary**

### **Particular risks**

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

The competitors' market activities also affect the HP'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. The Company relies on HP group'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.

HP Inc. Danmark ApS follows the group's risk management policies and methods in the management of business risks. The most significant business risks locally are price trends for products in a stringent market situation and achieving profitable growth. In line with HP Inc.'s risk management policy, most of the risks are covered at group level. Currency exchange risks for subsidiaries are hedged by parent companies. HP Inc. follows the risk management policy defined at corporate level and no significant changes are anticipated to these policies.

### **Data Ethics**

This statement is in accordance with Section 99d of the Danish Financial Statements Act requiring larger companies, which have a policy for data ethics, to supplement the management commentary with a report on data ethics or place the statement on the company's website. Data ethics is generally understood as the ethical dimension to the relationship between technology and the fundamental rights of individuals, the rule of law, and basic societal values that technological development gives rise to. The term comprises ethical considerations in the use of data. HP recognizes privacy as a fundamental human right and further recognizes the importance of privacy, security, and data protection to our employees, customers, and partners worldwide. As a global organization with legal entities, business processes, management structures, and technical systems that cross international borders, we strive to provide protections across all our operations that exceed legal minimums and to deploy consistent, rigorous policies and procedures. HP's Privacy Statement is the company's customer-facing notice for its data collection and processing practices. HP applies the same privacy statement worldwide. The policies are part of HP Denmark company's homepage at <https://www.hp.com/dk-da/privacy/privacy.html>. The HP Online Privacy Statement informs customers of our privacy practices and the choices they can make about how their information is collected online and how that information is used.

## Management Commentary

### Employee care

Our employees are central to our success, and we prioritize their health, safety, and well-being. With the rise of hybrid work environments, we have established robust support structures and communication practices to ensure high engagement and motivation levels among our teams associated with the Danish office.

Our focus on employee care is reflected in our yearly employee survey results, where we achieved high scores in engagement, a testament to our enduring HP culture and our localized efforts to maintain an attractive workplace. As we move forward, our commitment to employee retention and talent attraction remains unwavering, underpinning our goal to be the best partner for our end customers and resellers.

### Events after the balance sheet date

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

# Management Commentary

## Sustainability Report

For the period 2022-11-01 to 2023-10-31\*

\*Some data is provided for full calendar year 2023, these are stated throughout the report.

In accordance with Danish Financial Statement Act section 99a, this is the report of important non-financial and diversity related topics of HP Inc Danmark ApS documenting the sustainability efforts of the company.

### **CONTENT:**

- **Business model** – Personal Systems and Printing
- **Sustainability** – Climate Action, Human Rights, Digital Equity
- **Looking ahead**

### **Business model**

HP Inc Danmark ApS is a part of **HP**, one of the largest IT companies in the world with headquarters in Palo Alto, United States.

The Company imports, markets, sells and services a broad range of IT products, solutions and services for enterprises, public institutions and private customers.

The Company has its sales offices in Allerød. **HP** cooperates with approximately 800 partners and distributors around the country. The number of permanent employees is approx. 75.

HP's operations are divided into two business areas: Personal Systems and Printing.

### **Personal Systems**

**HP** sells personal system, accessories and related services in a fast-moving commercial and consumer market. It provides a variety of solutions in the mobile personal system's area, such as laptops, 2 in 1-computers, traditional desktops, professional Workstations, gaming computers and peripherals, thin client solutions and RPOS (Retail Point of Sale).

### **Printing**

The products in this area range from small home printers to large machines for companies that print large wall coverings and outdoor banners along with supplies for these products, e.g. ink and paper. **HP** also offers software solutions relating to security, workflow, and mobile printing and management capabilities.

### **Sustainability**

Sustainability has been integral to **HP**'s business from the start, and CSR (Corporate Social Responsibility) was among the seven core values already in the 1950's. **HP** operates on a global basis and communicates the programs and progress for these in a yearly Sustainable Impact report. The aggregated operations and product and services related sustainability data from subsidiaries companies are included. Sustainability goals are set and tracked on a global level, as described on <https://www.hp.com/dk-da/hp-information/sustainable-impact/planet.html>

## Management Commentary

Related to sustainability, we have identified a few trends that affect society, and our business as a part of society, in accordance with Danish Business Authority's guidance on 99a. These relate to the risk and opportunities for HP as an organization. These are:

- Climate Action
- Human Rights
- Digital Equity and philanthropy

HP's Board of Directors' Nominating, Governance, and Social Responsibility (NGSR) committee oversees the company's policies and programs relating to global citizenship and the impact of HP's operations, provides guidance and recommends to the board on legal, regulatory and compliance matters relating to political, environmental, global citizenship, and public policy trends.

In the next sections on Climate Actions - Human Rights - Digital Equity, we will elaborate on the associated risks. This is the pillars we've named Planet-People-Community until mid-2021 when releasing our 2030 and 2040 Sustainability goals.

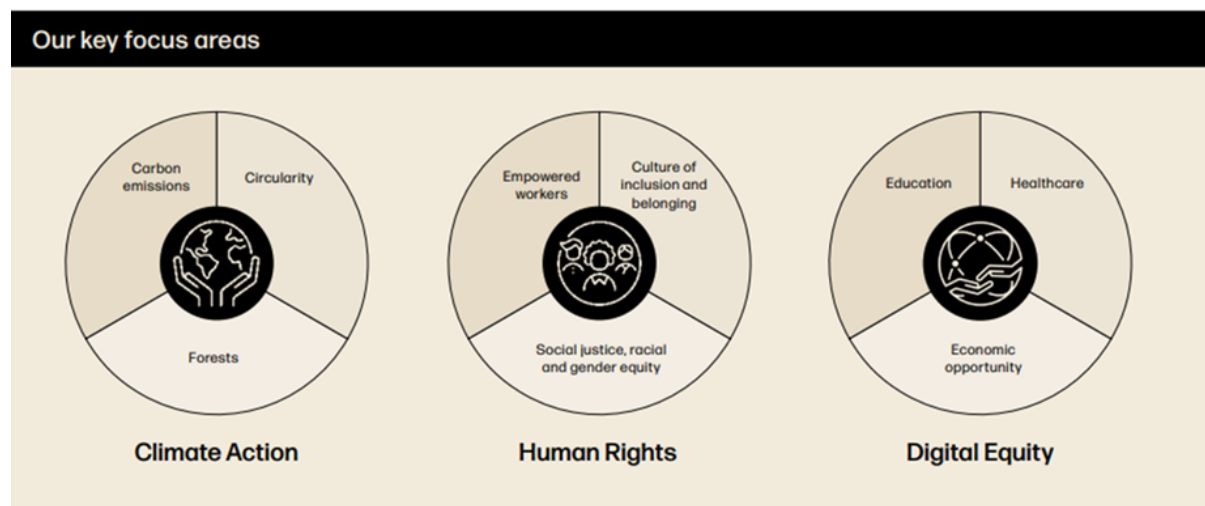
The framework we use to address megatrends resulting in risks and opportunities is based on three pillars:

**Climate Action** - Taking urgent and decisive action to achieve net zero carbon emissions across our entire value chain, give back more to forests than we take and innovate our products and services for a more circular economy.

**Human Rights** - Building a culture of equality and empowerment within HP and beyond, where diversity is sought out and celebrated and where universal human rights are understood and respected.

**Digital Equity** - Accelerating equitable access to education, healthcare and economic opportunity for those who are traditionally excluded so they can participate and thrive in a digital economy.

Through our focus on Sustainable Impact, we capitalize on what we do best while anticipating and preparing for the next wave of global challenges. We focus on doing the right thing, even when it is difficult, to deliver lasting value through the power of our technology.



## Management Commentary

In 2021, **HP** issued the inaugural Sustainable Bond, to help finance **HP** projects that contribute to a more sustainable and just future. Green Projects and Social Projects allocated these proceeds are expected to have positive environmental and social impacts across eight key areas, aligning with both the Green Bond Principles (2018) and the Social Bond Principles (2020).

The company also stepped up the **HP Amplify Impact™** program, which seeks to educate, excite and empower **HP** channel partners to create lasting positive change and maximize sustainable business opportunities. In 2022, we expanded **HP Amplify Impact** to over 40 countries as we drive towards our objective of enrolling at least 50% of partners in our channel program (**HP Amplify**) by 2025.

In 2021, **HP** announced our most comprehensive and ambitious Sustainable Impact agenda yet. It connects us to the most defining and urgent issues of our time, where we can have the greatest impact. Our strategy is rooted in science and is informed by **HP's** ESG materiality assessment, the United Nations Sustainable Development Goals and aligns with our core businesses.

### **Climate Action**

We have a high focus on sustainability and producing our products with limited impact on the environment and society, as success of our business also depends on the sustainability strategy and how well company can address the negative impacts of our day-to-day operations. By measuring the environmental impact of all our products from production to disposal and securing the optimal working environment for our employees, we create long-term benefits in respect of sustainability.

One way to get an overview of environmental impact is estimate the climate footprint of our organization's own impact as well as over the full life cycle from material extraction to use of products and services to the activities to close the circle in form of re-use and recycling.

Climate change presents a broad range of risks and opportunities for **HP**. We follow structured processes to identify and assess those items and have developed programs to address those across our value chain.

In 2022, **HP** made progress to achieve the following three goals in this area:

- Reduce **HP** value chain GHG emissions by 50% by 2030 (compared to 2019), and achieve net zero emissions by 2040
- Reduce Scope 1 and Scope 2 GHG emissions from Global operations by 65% by 2025 compared to 2015
- Use 100% renewable electricity in our operations by 2025

## Management Commentary

Below table outlines the actions taken to handle climate-related risks and opportunities:

RISK	Description
Transition risks in technology and markets	Changing customer expectations and requirements
Transition risks in regulations	Impact of current and potential product energy efficiency regulations or standards as well as carbon pricing and energy cost
Acute physical risks	Impact of extreme weather-related events, supplier operations, and transportation infrastructure/networks.
Chronical physical risks	Impact on HP facilities, workforce, and suppliers from long-term changes in mean temperature, mean precipitation, sea level, etc.
OPPORTUNITY	Description
Business resilience	Increase energy efficiency and use of renewable energy in HP and supplier operations
Products and services	Increased demand for products and services with lower GHG emissions
Markets	Expand or create solutions to access new markets
<i>Note:</i>	

*Identification, assessment and management of risks and opportunities further described in HP sustainable impact report 2019 page 21.*

At **HP**, we conduct our business with strong dedication to ethical and responsible practices. In all our offices, we are aware of the impact we have on the environment and society, both positive and negative. Therefore, every day we try to minimize the negative impact from GHG, waste and resource consumption and enhance the positive impact in terms of employee benefits, social welfare and local community engagement

**HP**, was first in industry to publish a carbon footprint covering the full lifecycle. It has been made possible since we are in close cooperation with our suppliers on sustainability topics as well as other business topics. **HP's** carbon footprint in 2022 equaled 26,899,500 tons of CO<sub>2</sub>e, 18% less than in 2019. This included a 7% reduction in absolute GHG emissions related to product manufacturing and a 31% decrease associated with product energy use. While GHG emissions from **HP** operations only represent 1% of our footprint, we work to demonstrate leadership in emissions management, reduction, and disclosure.

HP Inc Danmark ApS's contribution is very limited since the local activities are mainly sales operations and some services. HP Inc Danmark ApS has 75 employees in 2023, out of about 58,000 employees globally (50,800 excluding Poly)

To mention some data relevant to HP's national activities during fiscal year 2023:

- Energy use at office 167,204 kWh of electricity and 153,782 kWh of natural gas was used in fiscal year 2023 (estimates based in square footage).
- Company cars, 7, with carbon emissions 14.37 g CO<sub>2</sub> eqv/km

Producer responsibility is an environmental legal requirement that HP Inc Danmark ApS handles via the membership in ERP Danmark. They manage the producer responsibility for electronics and batteries.



## **Management Commentary**

During calendar year 2023, the company has put approximately 2,993 tons of electronics and batteries per year on the Danish market.

Take back and responsible recycling has been financed according to HP Inc Danmark ApS national market share via membership in ERP Denmark.

Contrary to other Nordic countries there is currently no legal obligation in Denmark for take back and responsible handling of packaging material related to HP Inc Danmark ApS's business. However, from January 1st 2025 extended producer responsibility for packaging will be implemented and during 2024 HP Inc Danmark ApS will be taking all necessary actions to ensure they are ready to comply.

In addition to free take back of products from consumers handled via ERP, **HP** offers a free take back system for ink and toner cartridges via the Planet Partner Program. The program exists in more than 60 countries including Denmark. This program enables **HP** to include recycled plastics in new toner and ink cartridges, a closed loop plastic recycling without degrading the value of the plastic. For example, 82% of Original HP ink cartridges and 100% of HP Toner Cartridges contain recycled content. 100% of Original HP Toner Cartridges contain between 1-79% post-consumer or post-industrial recycled content. Does not include toner bottles or other products not listed. 82% of Original HP Ink Cartridges contain between 5-75% post-consumer recycled content, does not include ink bottles and other products not listed.

**HP** analyses the negative impact created on environment from our business. For example, creation of greenhouse gases (GHGs) directly and indirectly through our supply chain. The company constantly strive to adapt and improve our production processes and manufacture affordable products with limited environmental impact.

**HP's** products, materials, manufacturing, transport and use, account for over 95% of our carbon footprint. Sustainable design is a key to reduce these impacts and we consider environmental performance throughout the design phase. We work with both the sustainability features of the products as well as when these are produced, transported, used and re-used or recycled. We are an industry leader in the use of life cycle assessment (LCA) and product carbon foot printing (PCF). We identify the processes, components, and materials with the largest environmental impacts, and target areas for improvement.

HP has developed tools to manage the environmental features of the products. One of the tools is the **HP** General Specification for the Environment (GSE), which is a framework to restrict the substances as per regulations and market demands. Reference to former Danish restrictions for phthalates were included when relevant in the GSE, which proves that the national requirements are included in the global standard.

In Denmark, as well as in many other Northern Europe markets, eco labels and the eco declaration are important vehicles to communicate the environmental features of products to commercial and public sector procurers. **HP** is committed to follow the market requirements for ecolabels in different markets including Denmark and feed these into the **HP's** product stewardship team who decide on design requirements for global ecolabels such as TCO Certified, Energy Star, EPEAT and Blue Angel. **HP's** product stewards are often a part of the respective 'ecolabels' workgroups that develop the requirements. **HP** also has a process to understand and adopt any changes to environmental and social requirements in supply chain in legislation concerning products.

## **Management Commentary**

HP Inc Danmark ApS is an active member of the Danish IT Association Sustainability Council. In cooperation with the association, we provide feedback and recommendations to various Danish governmental ministries and climate partnerships with regards to procurement, regulations and legislations of sustainable IT products, business models, supply chain etc. Furthermore, we participate in public events to enhance focus of circular IT transition and economy.

HP Inc Danmark ApS has a local work environment committee, where matters relating to the office, employees, environment, changes, activities, sickness statistics, requests for change actions, safety rounds, psychosocial environment and other relevant topics are discussed. Participants of this committee receive relevant training in systematic work environment management. Managers having delegated work environment tasks receive training internally.

### **Human Rights**

Socially and ethically responsible business is key to **HP** and in the scope are **HP**'s direct employees, employees in the supply chain and upstream users of **HP**'s products and services. We work with our suppliers to protect and empower all workers in our supply chain. We are reinventing the standard for diversity and inclusion in our industry.

**HP** has been a pioneer in working with sustainability in the supply chain and was one of the founders of the electronics industry common network, Electronics Industry Citizenship Coalition (EICC), now Responsible Business Alliance (RBA). In addition to the policies developed within the RBA framework, **HP** has some important additional policies such as foreign migrant worker standards. We request suppliers to adhere to the RBA and **HP**'s additional standards and we have developed and implemented assessment schemes for these. All suppliers must adhere to the HP Supplier Code of Conduct. All channel partners of HP Inc Danmark ApS adhere to the HP Partner Code of Conduct that contains provisions related to sustainability.

Every year, an internal survey VIA (Voice Insight Action) is rolled out and employees are anonymously invited to participate. In HP Inc Danmark ApS, participation rate in fiscal year 2023 was 91% with an engagement score of 71%.

We offer multiple channels for our employees and third parties, such as workers in our supply chain, to ask questions and report concerns. We do not tolerate retaliation against those who engage in our grievance processes, and we expect the same from our business partners.

We collaborate to provide access to effective remedy and monitor reported grievances, regardless of source, through to resolution. We also track and assess allegations of potentially adverse human rights impacts that are brought to our attention outside of the grievance process, and take appropriate actions when allegations are confirmed.

In 2022, our commitment was recognized for the third consecutive year when **HP** was named one of the World's Most Ethical Companies® by Ethisphere. Regular training, newsletters and virtual coffee talks help to reinforce the values outlined in Integrity at HP. In 2023, 99.3% of employees, including senior executives, completed Integrity at HP training, as well as all members of the Board of Directors.

## Management Commentary

We have not experienced any issues or complaints towards **HP** in 2023, that conflict with **HP** social and ethical guideline.

### **Supply Chain responsibility- Our Approach**

**HP** relies on one of the IT industry's largest supply chains. We strive for an ethical, sustainable, and resilient supply chain to protect the people making our products, safeguard our business and brand, strengthen customer relationships, and create opportunities to innovate.

### **Sensing risk**

**HP** works to identify and characterize sources of risk and their context before taking any action to remediate potential or existing issues at any point in our supply chain. Risks are identified at a global or regional level, and at the level of individual suppliers. We accomplish this through the following avenues:

- Stakeholder engagement: **HP** engages with a broad range of stakeholders including workers (through interviews, surveys, capability building programs and our ethics concerns reporting system), industry bodies, governments, socially responsible investors (SRIs), and non-governmental organizations (NGOs) to research and better understand issues of concern regarding SER in our supply chain. Stakeholder engagement is a critical step towards coordinated and effective response to important human and environmental challenges.
- Supplier risk profiling: We create an ongoing risk profile of our supply base which helps to determine how to most effectively deploy resources and engage suppliers.
- External data: We use information from a wide range of external sources to provide context for our supply chain responsibility program design. These sources include research, reports, and indices from industry groups and other resources.
- Performance monitoring: We measure supplier performance in order to understand issues at the supplier level and identify trends across our supplier base. We track supplier issues and trends through our assurance program, which includes both comprehensive audits using **HP's** Supplier Code of Conduct and focused assessments in specific high-risk areas such as use of foreign migrant workers. We also use supplier key performance indicator (KPI) monitoring, which collects data on key issues such as working hours and use of student workers.

### **Addressing risk**

**HP's** risk sensing activities provide detailed information to identify and prioritize existing and emerging areas of concern in our supply chain. Our program addresses risks to workers and the environment in the following ways:

- Multi-industry collaboration: **HP** works with industry peers and consortia to influence industry alignment and direction, such as general sharing of best practices and more specific forms of collaboration including the evolution of the EICC Code of Conduct. We also participate in multi-industry collaboration to drive and support change beyond the IT industry.

## Management Commentary

- Remediation: Using information from sources such as audits and assessments, **HP** improves SER performance through activities designed to address known and potential issues at suppliers, including:
  - a. Defined corrective action plans with focused follow-up assurance activities.
  - b. Escalated remediation for zero-tolerance findings and situations when effort beyond standard corrective action is needed.
  - c. Capability building: We help suppliers improve SER performance through programs and partnerships with NGOs, training partners, governmental organizations and suppliers focusing primarily on worker empowerment and management systems development.
- Business integration: Our program relies on **HP's** procurement operations function to motivate and incentivize suppliers through ongoing relationships, including regular supplier business reviews and day-to-day engagement. Our procurement operations team is trained to undertake SER performance evaluation, education, and mentoring. As part of our onboarding process, the team evaluates key new suppliers against SER performance standards, which engages suppliers early and demonstrates the connection between SER and procurement. Once a supplier is selected for business, our procurement team includes **HP** SER requirements in business contracts with suppliers. Our SER scorecard directly ties ongoing procurement decisions to supplier SER performance and participation in capability building, ensuring SER is prioritized in business decisions. A supplier's SER score acts as a multiplier to its general supplier management score. This allows suppliers with strong SER performance greater opportunities for new or expanded business with **HP**, while suppliers with persistently low SER performance will have much lower overall scores and may see large reductions in our business.

In 2022, we completed 303 audits of production suppliers, product reuse and recycling vendors, and nonproduction suppliers, as well as 14 other assessments of production suppliers. Travel and factory restrictions, as well as office closures related to COVID-19, decreased our ability to conduct these activities. During the year, 76% of production supplier audits were third-party certified RBA VAP audits.

We see a wide range of maturity levels in our audits, which are scored on scale of 0-200. In the RBA Factory Lead Certification Program, suppliers with scores from 160 to 180 are eligible for a Silver certification, and those with scores above 180 for a Gold certification (including 34% of supplier facilities audited in 2022).

In 2022, **HP** strengthened its [Human Rights Policy](#), which advances our commitment to upholding human rights, engaging with rights holders, and embedding our approach throughout our business and value chain.

Transparency in the supply chain is very important to many customers, both in the professional and public sector. Customers are interested to know more about ethical sourcing of resources as well as workers' rights and health and safety in production. We disclose information about our supply chain responsibility and human rights performance through our annual [SEC Conflict Minerals Report](#), [Modern Slavery Transparency Statement](#), [Report on Cobalt](#), and [CDP Supply Chain disclosures](#).

## **Management Commentary**

In Denmark, interest related to this topic is increasing, as can be seen for instance from customers' tender criteria, but still not as high in the agenda as in other Nordic countries.

HP Inc Danmark ApS is open for stakeholder dialogue with public sector customers on transparency in supply chain as well as other relevant topics.

### **Expectation for future**

At **HP**, a powerful culture of diversity, equity, and inclusion (DEI) is a business imperative. Our DEI strategy focuses on where we can make the greatest impact across our culture, our people, and our communities.

Since 2021, every **HP** employee is encouraged to set a Sustainable Impact goal as part of their individual 2021 goal-setting process to ensure that each of our employees have a personal stake in the success of our sustainable impact strategy regardless of their role or title. Training and support are also provided to employees to help them connect individual sustainable impact goals with their everyday job responsibilities, and also create a focused, connected network of impact that's aligned with our corporate vision and strategy.

By 2030, we're committed to achieving 50/50 gender equality in **HP** leadership and making sure that women represent greater than 30% of our workforce in technical and engineering roles. Across our company, we intend to meet or exceed labor market representation for racial and ethnic minorities. And we aim to reach one million workers through worker empowerment programs throughout our supply chain.

### **Anti Corruption**

At **HP**, how we do things is as important as what we do. We work every day to earn the trust of our stakeholders and uphold our reputation for integrity and ethical leadership. All of our operational sites and subsidiaries are required to follow **HP's** Anti-Corruption Policy and are subject to **HP's** compliance program and procedures (or a comparable subsidiary level policy and compliance program)

- Risk assessment and audits: **HP** conducts regular internal assessments of corruption-related risks across 100% of our global operations, including detailed reviews of the company's global policies and processes applicable to all business units and global functions worldwide. We also use internal data and Transparency International's Corruption Perceptions Index (CPI) to identify high-risk regions and assess risks related to our business. The public sector data analytics tools and processes we adopted in 2019 have enhanced **HP's** ability to monitor and mitigate potential risk from its public sector business. We also periodically retain outside experts to assess our anti-corruption policies and programs. We benchmark our approach against peer companies to identify best practices in areas including operational procedures, employee education, and supplier and partner training and monitoring. Complementing these assessments, **HP** conducts regular audits focused on potential corruption risks in our operations. These audits include end-to-end review and testing of compliance policies and processes.

## **Management Commentary**

- Third-party management and due diligence: **HP** performs ongoing risk-based due diligence of third parties that support our business, including channel partners, sales intermediaries, suppliers, and lobbyists. We communicate **HP's** anti-corruption standards and requirements to 100% of these third parties through contractual terms and conditions as well as our Partner Code of Conduct and Supplier Code of Conduct. Generally, **HP** requires all partners and suppliers, respectively, to comply with **HP's** Partner and Supplier Codes of Conduct. **HP** has implemented and maintains a robust risk-based legal and regulatory due diligence program to detect, mitigate, and prevent third-party anti-corruption compliance risks and violations. We determine risk levels based on completion of a questionnaire by the third party. If **HP** detects risk, it carries out a due diligence investigation. If we determine that the risk cannot be mitigated, we apply consequences to the relevant third party-for example, removing access to specific benefits and/or terminating any contract with **HP**.
- **HP** requires third parties to complete due diligence on a predetermined basis. In general, all channel partners must complete this process before beginning a contractual relationship with **HP** and then undergo a renewal process, at least once every three years. Third parties receive training as part of **HP's** due diligence process.
- Training and communication: Annual Integrity at **HP** training helps to reinforce our policies and controls. The completion rate over the past years at **HP**, globally has been over 99% which was in line with the set goal. The completion rate locally in Denmark for fiscal year 2023 was 100%

At **HP Inc Danmark ApS**, it is important that our employees follow the law as well as our ethical standards on anti-corruption.

Requirements for mitigating anti-corruption risk associated with charitable giving are communicated to employees through the **HP** Global Charitable Contributions Policy, and risks are mitigated through the grant making process.

### **Report on gender distribution in accordance with Danish Financial Statement Act section 99b**

**HP** has one of the most diverse boards in the IT industry with 46% women.

Overall **HP Inc Danmark ApS** has 28.6% females among the workforce and 5% females on management level. This 5% represents Senior Managers, Which are employees who directly report to a Director or Senior Director, have accountability for a large multi-department area(s) or location(s) with significant impact on business unit results and organisational strategy.

Compensation ratio at **HP** in Denmark is 84.7% for males and 89.3% for females.

As of October 31, 2023 women represented 33.3% of director-level and above positions globally. We are making progress toward the company's goal of achieving 50/50 gender equality in **HP** leadership by 2030.

## **Management Commentary**

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 through out FY23.

### **Digital Equity**

In 2021, **HP** set a goal to accelerate digital equity for 150 million people by 2030. Through the Digital Equity Accelerator (launched in early 2022) and supporting nonprofit NABU, we are granting access to technology and resources for historically excluded and marginalized communities.

We continue enhancing the **HP** Foundation's free **HP** LIFE program, having enrolled 533,000 users since 2016. The **HP** LIFE program offers global access to over 30 free courses to help accelerate digital equity and build skills for the future. And through strategic partnerships like Girl Rising, we are bringing new, inclusive content and curriculums to classrooms and educators.

Through **HP** Foundation Imagine Grants, US\$1.24 million in grants were filled worldwide in 2021, to enable the purchase of technology or technology-related education.

### **Looking ahead**

We welcome the increased interest from the society and our business partners for sustainability and we will continue to contribute to developments in the three pillars- Climate action, Human Rights and Digital Equity through our operations in Denmark.

<https://www.hp.com/dk-da/hp-information/sustainable-impact.html>

## Income Statement for 1 November 2022 to 31 October 2023

	Note	2022/23 DKK'000	2021/22 DKK'000
<i>Net revenue</i>	1	1,750,219	2,492,680
<i>Cost of sales</i>		(1,609,541)	(2,356,074)
<i>Other external expenses</i>	2	(37,329)	(27,981)
<b>Gross Profit/ (Loss)</b>		<b>103,349</b>	<b>108,625</b>
<i>Staff costs</i>	3	(88,391)	(74,851)
<i>Depreciation, amortization and impairment losses</i>	4	(3,836)	(4,258)
<b>Operating Profit/ (Loss)</b>		<b>11,122</b>	<b>29,516</b>
<i>Financial income</i>	5	17,523	1,839
<i>Financial expenses</i>	6	(685)	(511)
<b>Profit/ (Loss) before tax</b>		<b>27,960</b>	<b>30,844</b>
<i>Tax for the year</i>	7	(6,584)	(7,008)
<b>Net Profit/ (Loss) for the year</b>		<b>21,376</b>	<b>23,836</b>



## Balance Sheet at 31 October 2023

### Assets

	Notes	2023 DKK'000	2022 DKK'000
<i>Fixtures, fittings, tools and equipment</i>		344	1,310
<i>Leasehold improvements</i>		328	1,612
<i>Right of use assets</i>		1,486	1,569
<b><i>Property, plant and equipment</i></b>	8	<b>2,158</b>	<b>4,491</b>
<b>Non current assets</b>		<b>2,158</b>	<b>4,491</b>
<i>Goods for resale</i>		82,062	56,665
<b>Inventories</b>		<b>82,062</b>	<b>56,665</b>
<i>Trade receivables</i>		79,882	163,925
<i>Receivables from group enterprises</i>		535,132	709,399
<i>Deferred tax asset</i>	9	4,604	3,363
<i>Lease Receivables</i>	10	5,526	5,993
<i>Other receivables</i>		2,159	656
<i>Prepayments</i>	11	285	1,387
<b>Receivables</b>		<b>627,588</b>	<b>884,724</b>
<b>Current Assets</b>		<b>709,650</b>	<b>941,389</b>
<b>Assets</b>		<b>711,808</b>	<b>945,880</b>

## Balance Sheet at 31 October 2023

### *Equity and Liabilities*

	Notes	2022/23 DKK'000	2021/22 DKK'000
<i>Share capital</i>		50	50
<i>Other reserves</i>		147,969	147,969
<i>Dividend</i>		103,000	—
<i>Retained earnings</i>		13,476	95,102
<b>Equity</b>		<b>264,495</b>	<b>243,121</b>
<i>Other provisions</i>	12	28,038	45,504
<b>Provisions</b>		<b>28,038</b>	<b>45,504</b>
<i>Long term lease payables</i>	13	5,011	3,808
<i>Long term deferred income</i>	14	102,044	98,637
<b>Non current liabilities other than provisions</b>		<b>107,055</b>	<b>102,445</b>
<i>Short term lease payables</i>	13	2,559	3,985
<i>Short term deferred income</i>	14	94,008	93,760
<i>Trade payables</i>		14,259	12,160
<i>Payables to group enterprises</i>		144,102	407,321
<i>Income tax payable</i>		5,767	—
<i>Other payables</i>		51,525	37,584
<b>Current liabilities other than provisions</b>		<b>312,220</b>	<b>554,810</b>
<b>Liabilities other than provisions</b>		<b>419,275</b>	<b>657,255</b>
<b>Equity and liabilities</b>		<b>711,808</b>	<b>945,880</b>

## Balance Sheet at 31 October 2023

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Share based payments

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## Statement of changes in equity for 2022/23

	Notes	Share Capital DKK'000	Other Reserves DKK'000	Retained Earnings DKK'000	Proposed Dividend* DKK'000	Total DKK'000
Equity at the beginning of the year		50	147,969	95,102	—	243,121
Dividend distributed					—	—
Profit/ loss for the year	18	—	—	(81,624)	103,000	21,376
<b>Equity at the end of the year</b>		<b>50</b>	<b>147,969</b>	<b>13,478</b>	<b>103,000</b>	<b>264,497</b>

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

\* Dividend of TDKK 103,000 proposed during AGM held on 10th April 2024.

## Notes to Financial Statements

	2022/23 DKK'000	2021/22 DKK'000
<b>1 Revenue</b>		
<i>By geographical segment</i>		
Denmark	1,697,712	2,417,899
Other countries	52,507	74,780
	<b>1,750,219</b>	<b>2,492,680</b>
<i>By business segments</i>		
Personal Systems	1,516,017	2,214,400
Print	234,202	278,280
	<b>1,750,219</b>	<b>2,492,680</b>

### 2 Statutory audit and tax compliance fees

Statutory audit services	290	212
Tax compliance services	45	46
	<b>335</b>	<b>258</b>

\* Statutory audit and tax compliance fees are part of other external expenses in Income statement.

### 3 Staff costs

Wages and salaries	81,492	68,875
Pension costs	6,308	5,458
Other social security expenses	591	518
	<b>88,391</b>	<b>74,851</b>
Average number of employees	75	73

Total remuneration to executive board and board of Directors for FY 2023 - TDKK 4,017. Remuneration was not disclosed in FY22 in accordance with section 98 B(2) of the Danish Financial Statement Act.

### 4 Depreciation, amortization and impairment losses

Depreciation of plant, property and equipment	3,836	4,258
	<b>3,836</b>	<b>4,258</b>

	2022/23 DKK'000	2021/22 DKK'000
<b>5 Financial income</b>		
Foreign exchange Gains	2,759	1,338
Interest received from group enterprises	13,920	9
Other financial income	844	492
	<b>17,523</b>	<b>1,839</b>
<b>6 Financial expenses</b>		
Interest paid to group enterprises	74	—
Other financial expenses	611	511
	<b>685</b>	<b>511</b>
<b>7 Tax on profit/loss for the year</b>		
Current tax	7,825	2,623
Change in deferred tax	(1,241)	4,385
	<b>6,584</b>	<b>7,008</b>
<b>8 Property, plant and equipment</b>		
	Lease hold improvement	Fixtures, fittings, tools and equipment
Cost - beginning of the year	5,778	6,355
Additions for the year	—	—
Transferred during the year	—	—
Retirements for the year	—	(343)
<b>Cost - end of the year</b>	<b>5,778</b>	<b>6,112</b>
Depreciation - beginning of the year	(4,167)	(5,045)
Depreciation adjustment for retirements	—	281
Depreciation for the year	(1,283)	(904)
<b>Accumulated Depreciation - end of the year</b>	<b>(5,450)</b>	<b>(5,768)</b>
<b>Carrying amount at the end of the year</b>	<b>328</b>	<b>344</b>
<i>Including assets under finance lease</i>	—	<b>164</b>

## Notes to Financial Statements

Following are changes in carrying value of right of use asset for the year ended October 31, 2023

	<b>Category of ROU Assets</b>	
	<b>Real Estate Leases</b>	<b>Fleet Vehicles</b>
<b>Balance as on November 1, 2022</b>	1,376	193
Addition during the year	—	1,565
Depreciation	(1,123)	(525)
<b>Carrying amount at the end of the year</b>	<b>253</b>	<b>1,233</b>
	2023	2022
	DKK'000	DKK'000
<b>9 Deferred tax asset</b>		
Opening balance	3,363	7,748
Change in deferred tax	1,241	(4,385)
	<b>4,604</b>	<b>3,363</b>
<b>Deferred tax relates to:</b>		
Property, plant and equipment	1,261	703
Trade receivables	39	367
Provisions	3,304	2,292
	<b>4,604</b>	<b>3,363</b>
	2023	2022
	DKK'000	DKK'000
<b>10 Lease Receivables</b>		
Between 1 and 5 years	3,473	3,619
Less than 1 year	2,053	2,374
	<b>5,526</b>	<b>5,993</b>

### 11 Prepayments

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

## Notes to Financial Statements

### 12 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 28,038 (FY22: TDKK 45,504) have been recognized against warranty claims.

### 13 Lease payables

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

	2023 DKK'000	2022 DKK'000
Between 1 and 5 years	5,011	3,808
Less than 1 year	2,559	3,985
	<b>7,570</b>	<b>7,793</b>

### 14 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.

### 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 FY 2023 such expenditure was TDKK 2,164. At the end of the year there were 10,873 unvested RSUs having the value of TDKK 2,295.

During the FY 2022 such expenditure was TDKK 1,957 . At the end of the year there were 14,230 unvested RSUs having the value of TDKK 2,984



## Notes to Financial Statements

	2022/23	2021/22
	DKK'000	DKK'000
<b>16 Transactions with related parties</b>		
<b>Key intercompany transactions:</b>		
Purchase of goods	1,621,076	2,322,220
Services from group companies	3,194	4,274
Services to group companies	17,158	14,195
Interest income	13,920	9
Interest expenses	74	—
Staff expenses ( employee share based payments)	2,164	1,957
<b>Intercompany balances outstanding as on October 31</b>		
Payables to group companies	144,102	407,321
Cash pool deposits	503,140	663,215
Receivable against warranties	28,038	41,643
Other receivables	3,954	680

### 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.,Krijgsman 75, 1186DR, Amstelveen, 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)**

	2022/23	2021/22
	DKK'000	DKK'000
<b>18 Proposed distribution of profit/loss</b>		
Proposed dividend	103,000	—
Transferred to equity reserves	(81,624)	23,836
	<b>21,376</b>	<b>23,836</b>

## **Notes to Financial Statements**

### **Accounting Policies**

#### **Reporting class**

The annual report for HP Inc Danmark ApS for 2022/23 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 2022/23 are presented in '000/ TDKK.

#### **Changes in Accounting Policies**

The accounting policies used in the preparation of the financial statements are consistent with those of 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 IFRS 15 as interpretation for the recognition of revenue. The application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Company.

Income from the sale of goods for resale and finished goods is recognised at the point the goods have been delivered to the customers. The point of delivery is based on standardised terms of delivery based on Incoterms.

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 over time 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.

## **Accounting Policies**

### **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.

### **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 changes 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.

## **Accounting Policies**

The basis of depreciation is cost less estimated residual value after the end of useful life. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. 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
Leasehold improvement	5 years

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 weighted average 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**

The company has chosen IFRS 9 as interpretation for the measurement of impairment losses on receivables. Receivables are measured at amortised cost. Impairment is made in accordance with the expected credit loss model.

### **Cash**

Cash comprises cash in hand and bank deposits. The balance of the Group's cash pooling arrangement is not considered as cash equivalents due to the nature of the arrangement, but is included in the balance under "Receivables from group enterprises."

### **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.

## **Accounting Policies**

### **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.

### **Leases**

At the inception of a contract, HP assesses whether the contract is, or contains, a lease. The assessment is based on (1) whether the contract involves the use of a distinct identified asset, (2) whether HP obtains the right to substantially all the economic benefit from the use of the asset throughout the period, and (3) whether HP has the right to direct the use of the asset.

A significant portion of the lease portfolio includes real estate leases, fleet vehicles and embedded leases for MPS and DaaS contracts. Leasing arrangements typically range in terms from 1 to 5 years with varying renewal and termination options.

All significant lease arrangements are recognized at lease commencement. Leases with a lease term of 12 months or less at inception are not recorded on Balance Sheets and are expensed on a straight-line basis over the lease term.

### **Leases applicable from 1 November 2019**

Effective 1 November 2019, HP Inc Danmark ApS has implemented IFRS 16 for purposes of interpreting the provisions of the Danish Financial Statements Act of leases, using a modified retrospective approach.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Lease terms include options to extend or terminate the lease when it is reasonably certain that HP will exercise that option. HP generally consider the economic life of the ROU assets to be comparable to the useful life of similar owned assets. HP's leases generally do not provide a residual guarantee.

Leases are included in Property, plant and equipment, short term and long term lease receivables and short term and long term lease payables in the Balance Sheet.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates, as most of the leases do not provide an implicit interest rate, HP uses the incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The incremental borrowing rate is determined based on the rate of interest that the HP would have to pay to borrow an amount equal to the lease payments on a

## **Accounting Policies**

collateralized basis over a similar term. HP uses the unsecured borrowing rate and risk-adjusts that rate to approximate a collateralized rate.

HP has elected the practical expedient to combine lease and non-lease components as a single lease element for its fleet vehicle leases and in calculating the ROU assets and lease liabilities. Where HP chooses not to combine the lease and non-lease component, HP allocates contract consideration to the lease and non-lease components based on relative standalone prices.

HP reviews the impairment of the ROU assets consistent with the approach applied for other long-lived assets.

### **Leases applicable before 1 November 2019**

For financial reporting purposes, leases are classified as finance leases and operating leases. A lease is classified as a finance lease when the most significant risks and rewards of ownership of the leased asset are transferred to the lessee. All other leases are classified as operating leases.

The cost of assets held under finance leases is recognised at the lower of fair value of the assets and the present value of the future minimum lease payments. For the calculation of the net present value, the interest rate implicit in the lease or the Group's incremental borrowing rate is used as discount rate.

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

### **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.












# Annual report FY23 HP Denmark

Final Audit Report

2024-04-10


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