

HP Inc Danmark ApS

Engholm Parkvej 8, Denmark-3450, Allerød
Business Registration number: 36497718

Annual Report for the period 1 November 2019 - 31 October 2020

The Annual Report was presented and adopted at the Annual General Meeting
on 15 March, 2021

Chairman of the General Meeting



Heli Marketta 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 2019 - 31 October 2020

Board of Directors

Heli Marketta Aaltonen, Chairman
Anne-Sophie Hadberg
Peter Møller Kristensen

Executive Board

Peter Møller Kristensen

Entity Auditors

EY
Godkendt Revisionspartnerselskab
Dirch Passer Allé 36
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 2019 to 31 October 2020.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 October 2020 and of the results of Company's operations for the financial year 1 November 2019 to 31 October 2020.

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

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

Allerød, 15 March 2021

Executive Board

Peter Kristensen

Peter Møller Kristensen
Managing Director

Board of Directors



Heli Marketta Aaltonen
Chairman

Anne-Sophie Hadberg

Anne-Sophie Hadberg

Peter Kristensen

Peter Møller Kristensen

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 2019 to 31 October 2020, 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 2020 and of the results of the Company's operations for the financial year 1 November 2019 to 31 October 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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, 15 March 2021

EY

Godkendt Revisionspartnerselskab
CVR no. 30700228



Alex Petersen

State Authorised Public Accountant
mne28604

Management Commentary

| Financial Highlights | 2019/20 DKK '000 | 2018/19 DKK '000 | 2017/18 DKK '000 | 2016/17 DKK '000 | 2015/16 DKK '000 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Key figures | | | | | |
| Revenue | 2,083,903 | 1,966,457 | 1,717,739 | 1,747,905 | 1,482,104 |
| Gross profit/loss | 109,186 | 104,652 | 102,839 | 88,066 | 77,475 |
| Operating profit/loss | 28,358 | 26,469 | 30,149 | 30,793 | 13,603 |
| Net financial income/expenses | 4,053 | (583) | (5,805) | (17,930) | (2,654) |
| Profit/loss for the year | 25,209 | 19,912 | 18,642 | 9,731 | 10,257 |
| Total assets | 778,169 | 693,829 | 559,052 | 551,776 | 498,674 |
| Investment in property, plant and equipment | 6,215 | 11,004 | 3,269 | 203 | 817 |
| Equity | 230,897 | 205,688 | 185,777 | 167,135 | 157,404 |
| Average Number of employees | 78 | 78 | 72 | 61 | 63 |
| Ratios | | | | | |
| Return on equity (%) | 11.5 | 10.2 | 10.6 | 6.0 | 6.7 |
| Solvency ratio (%) | 29.7 | 29.6 | 33.2 | 30.3 | 31.6 |
| Return on assets ratio (%) | 3.6 | 3.8 | 5.4 | 5.6 | 2.7 |

Note:

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

Ratio

Calculation formula

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 thereby a part of HP Inc, one of the largest IT companies in the world. HP Inc has reported a net revenue of USD 56.63 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, 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 2019 to 31 October 2020 was TDKK 2,083,903. The income statement of the Company for 2020 shows a profit of TDKK 25,209 and at 31 October 2020 the balance sheet of the Company shows equity of TDKK 230,897.

In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic. The actions by governments and communities in response to the pandemic have impacted the operations of our business as a result of quarantines, facility closures, and travel and logistics restrictions in connection with the pandemic. However, the implications were two sided. On one side, there was reduction in print revenue since many company offices remained closed or working with reduced capacity since the outbreak. However, on other side, there was a strong demand for PCs and accessories due to the working and studying from home which resulted in increase in net revenue in PC segment. This increase has been slightly offset with order backlog at the close of the fiscal year, as demand actually exceeded our supply.

Outlook

The company expects to further grow market share in personal systems as well as printing in the fiscal year 2021. In Personal Systems, there is an increased demand globally as the focus moved to keeping people connected, productive and secure and it reemphasized the essential role that the PC plays in everyday life. There is also a mix shift in demand from Commercial to Consumer, Desktops to Notebooks driven by strength in Chromebooks and Education. In Printing, there was some recovery in Commercial Print since fourth quarter of fiscal year 2020, driven by improved performance in the SMB sector. The Company also expects to see increased demand for hardware and ink supplies on the Consumer Printing side as customers set up home office for remote working and school environment for remote learning.

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.

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 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.

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.

Management Commentary

Employee care

Retention of good employees and attracting new talents is very important for the Company and it is crucial for the Company's ability to be the best partner for end customers and resellers.

The Company has been focused on protecting the health and safety of its employees during the COVID-19 pandemic, and asked employees to work from home since the second quarter of fiscal year 2020. The Company also has a robust infrastructure in place to support remote work environment. In the third quarter of fiscal year 2020, a one-time work-from-home reimbursement program was implemented for all employees to improve their workspaces.

The Company had achieved high scores in employee engagement in yearly employee survey 2019. There is a continuous improvement in employee engagement in 2020 as well. This is a result of the strong HP culture and the continuous local focus that the Company has on staying an attractive workplace.

Events after the balance sheet date

As of October 31, 2020, the impact of COVID-19 on our business continues to exist. The management is continuously reviewing the situation and has concluded that there is no impact to the financial statements of fiscal year 2020 and hence no adjustment has been made.

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

Management Commentary

Sustainability Report

For the period 2019-11-01 to 2020-10-31*

*data for put on market volumes for calculation of producer responsibility for electronics, and batteries covers full calendar year 2020.

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, Printing

Sustainability – Planet, People, Community

Looking ahead

Annexure- HP Sustainable Impact and Human Rights Policy

Business model

HP Inc Danmark ApS is a part of HP Inc, 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. 78.

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, 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 Inc's business from the start, and CSR (Corporate Social Responsibility) was among the seven core values already in the 1950's. HP Inc 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 www.hp.com/go/sustainability.

Management Commentary

Sustainability Report

Related to sustainability, we have identified a few trends that affect society, and our business as a part of society. These relate to the risk and opportunities for HP as an organization. These are:

- Climate change
- Resources depletion
- Plastics in the oceans
- Human rights

During 2020, there were risks associated with global pandemics for both health and safety of employees as well as financial and business risks with delays in production and logistics.

HP Inc's Board of Directors' Nominating, Governance, and Social Responsibility (NGSR) committee is responsible for overseeing HP's sustainability initiatives, and may review, assess, report, and provide guidance to management and the board regarding HP's policies and programs relating to sustainability issues, including climate change.

In the next sections on People-Planet-Community, we will elaborate on the associated risks.

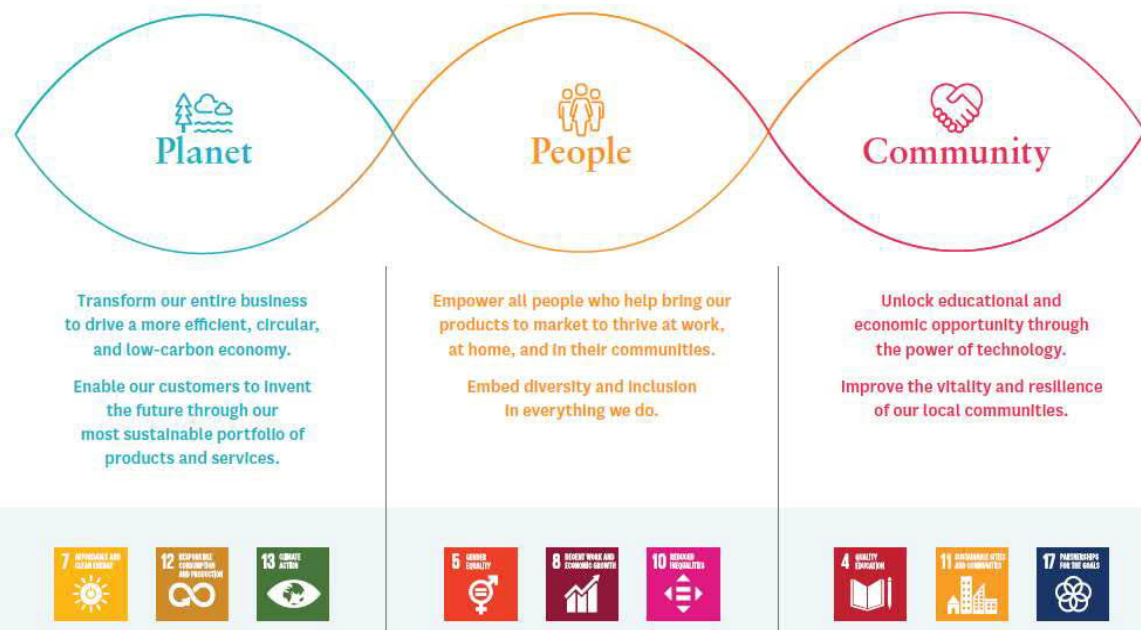
The framework we use to address megatrends resulting in risks and opportunities is based on three pillars:

Planet - Grow our business, not our footprint- and support our customers to do the same.

People – Champion dignity, respect and empowerment for all people with whom we work.

Community – Catalyze positive change in communities where we live, work and do business.

Our commitment to integrity, fairness, transparency, and accountability enables our Sustainable Impact. HP Inc's vision is to create technology that makes life better for everyone, everywhere.



Management Commentary

Sustainability Report

Planet

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.

HP has adopted several business processes to addressing climate-related impacts. These can be divided into; enterprise risk management, business continuity planning (BCP), product standards and regulations tracking/engagement.

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. | |

HP Inc 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. The overall global carbon footprint has for the past few years been around 46,000,000 CO₂e. About 1% of this pertains to HP Inc's own operations, including travels and heating/cooling of offices.

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 about 78 employees in 2020, out of about 53,000 employees globally.

To mention some data relevant to HP's national activities during fiscal year 2020:

- Energy use at office 157,248 kWh of electricity and 154, 536 kWh of natural gas was used in fiscal year 2020 (estimates based in square footage).
- Company cars, 8, with carbon emissions 173 g CO₂ 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.

During calendar year 2020, the company has put approximately 2,400 tons electronics and batteries per year on the Danish market.

Management Commentary

Sustainability Report

Take back and responsible recycling has been financed according to HP Inc Denmark 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 Denmark ApS's business, however HP Inc Denmark ApS follows the development to be 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 66 countries for toner cartridges and 59 countries for ink cartridges including Denmark. This program enables HP Inc to include recycled plastics in new toner and ink cartridges, a closed loop plastic recycling without degrading the value of the plastic. For example, more than 82% of HP ink cartridges and 100% of HP LaserJet toner cartridges contain recycled plastics. The ink cartridges for the Western Europe market contains 45-70% recycled plastics where some of it comes from the closed loop system.

Due to COVID-19, slight delay in pick-up and delivery of recycling boxes were noticed in 2020 due to extra precautions required in logistics flow.

To help tackle the sustainability risk with ocean bound plastics as well as resource depletion we've expanded the programs for sourcing and use of recycled material.

In 2016, HP launched an ambitious program in Haiti to help tackle the growing challenge of ocean-bound plastics. In partnership with the First Mile Coalition and our supplier partners, we have now built a fully functioning ocean-bound plastics supply chain. Through this initiative, we have opened a new market opportunity, providing a steady revenue stream for local collectors, enabling safer working conditions, and local educational opportunities.

In January 2020, HP was announced as a founding member of The Ocean Plastics Leadership Network, a membership community dedicated to accelerating collaborative action to address the ocean plastic pollution challenge. HP was also the first company, to achieve UL Validations (UL 2809: Recycled content validation) worldwide, for five of the resins used in HP products.

As a new company goal set out in 2019, we have planned to use minimum 30% recycled plastics in our products by 2025. To reach this, several activities were started. In 2019, we launched a display and a notebook which contains ocean-bound recycled plastics, in addition to including those in cartridges. Until beginning of 2020, we used over 25,000 tonnes of postconsumer recycled content plastic in HP personal systems and print products resulting in usage of 9% recycled plastic out of total plastic used.

HP Inc's products, materials, manufacturing, transport and use, account for about 99% 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 footprinting (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.

Management Commentary

Sustainability Report

HP is committed to follow the market requirements for ecolabels in different markets including Denmark and feed these into the HP Inc's product stewardship team who decide on design requirements for global eco labels such as TCO Certified, Energy Star, EPEAT and Blue Angel. HP Inc's product stewards are often a part of the respective ecolabels' workgroups that develop the requirements.

HP Inc also has a process to understand and adopt any changes to environmental and social requirements in supply chain in legislation concerning products.

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. However, there were no discussions or events in 2020 due to pandemic.

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.

People

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.

Supply Chain responsibility- Our Approach

It describes risks related to human rights in the supply chain and how to avoid and mitigate those risks.

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.

Management Commentary

Sustainability Report

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.
- 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:
 - (i) Defined corrective action plans with focused follow-up assurance activities.
 - (ii) Escalated remediation for zero-tolerance findings and situations when effort beyond standard corrective action is needed.
 - (iii) 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.

Management Commentary

Sustainability Report

As per the latest data available for HP companywide program in 2019, we have completed 187 audits and 60 other assessments of production, non-production and product transportation suppliers. During the year, 91% of production supplier audits were third-party certified RBA VAP audits (Responsible Business Alliance Validated Audit Program).

During the 2020 pandemic, some of the planned audits has been postponed to the future or carried out in a new form.

Immediate priority findings are the most serious type of supplier non-conformance and require immediate action. In 2019, we identified eight immediate priority findings, equivalent to 0.092 findings on average for each initial audit and full re-audit of production suppliers was conducted. Out of eight findings, four issues were related to charging of recruitment fees, two were related to passport and personal document withholding, and remaining two were related to fire exits. To address the issues immediately we are working with the suppliers to complete remediation to the workers and implement corrective actions to adjust their management systems.

HP Inc. published the first stand-alone report on human rights in 2020, as a supplement to the annual Sustainable Impact report.

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 hand safety in the production. 70% of the recorded SCR questions or RFIs received last year in EMEA, originates in the 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.

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. On a yearly basis all employees follow on-line trainings for standards of business conduct as well as anti-corruption which is called 'Integrity at HP'. The program pertains not only to our conduct within the company but also towards our customers, channel partners, suppliers and competitors. The completion rate over the past years at HP Inc globally has been over 99% which was in line with the set goal. The completion rate locally in Denmark for fiscal year 2020 was 97%. At HP Inc Danmark ApS, it is important that our employees follow the law as well as our ethical standards on anti-corruption.

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 2020 was 97% with an engagement score of 76%.

Report on gender distribution:

As at 31 October 2020, 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 32% of the Board comprise of the underrepresented gender.

HP Inc has one of the most diverse boards in the IT industry with 42% women. Since 2015 there has been an increase of 9% of women directors and above. Overall HP Inc Danmark ApS has 32% females among the workforce and 11% females on management level. Compensation ratio at HP in Denmark is close to evenly distributed between men and females, females have 92% compared to males.

Management Commentary

Sustainability Report

Report on gender distribution:

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.

COVID-19 Impact on employees

With the spread of COVID-19, HP has actively updated the employees about the status of the pandemic in the country and across the world. A specific intranet page is established where information is published, regular webinars sessions are conducted and doctors share knowledge about COVID-19. During 2020, the concept of work from home was introduced. HP has ensured a good working environment through in-depth analysis and continuous support.

In addition to practical tools, measures have been taken to retain a high level of engagement and flexibility to promote the work-life balance. In order to keep motivation high and the team spirit alive, HP has enrolled a set of local activities. For example, meeting-free Friday afternoons, weekly local All Staff meetings, seasonal Care Packages, virtual Christmas gathering, etc.

Community

Ever since the first donation of a few dollars to a local charity in Palo Alto, USA, in the 1940's and as well as an early adoption of flexible working hours HP Inc has recognized the role we can play in the communities and in our employee's work – life balance.

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- Planet, People, Society through our operations in Denmark.

Reference

HP Sustainable Impact and Human Rights Policy

<https://www8.hp.com/h20205/v2/getpdf.aspx/c05075378.pdf>

Income Statement for 1 November 2019 to 31 October 2020

| | Notes | 2019/20 DKK '000 | 2018/19 DKK '000 |
|---|-------|-----------------------------|-----------------------------|
| | | <u> </u> | <u> </u> |
| <i>Net revenue</i> | 1 | 2,083,903 | 1,966,457 |
| <i>Cost of sales</i> | | (1,949,622) | (1,828,472) |
| <i>Other external expenses</i> | 2 | (25,095) | (33,333) |
| Gross Profit/ (Loss) | | <u>109,186</u> | <u>104,652</u> |
| <i>Staff costs</i> | 3 | (75,777) | (76,455) |
| <i>Depreciation, amortization and impairment losses</i> | 4 | (5,051) | (1,728) |
| Operating Profit/ (Loss) | | <u>28,358</u> | <u>26,469</u> |
| <i>Financial income</i> | 5 | 4,458 | 200 |
| <i>Financial expenses</i> | 6 | (405) | (783) |
| Profit/ (Loss) before tax | | <u>32,411</u> | <u>25,886</u> |
| <i>Tax for the year</i> | 7 | (7,202) | (5,974) |
| Net Profit/ (Loss) for the year | | <u><u>25,209</u></u> | <u><u>19,912</u></u> |

Balance Sheet at 31 October 2020

Assets

| | Notes | 2019/20 DKK '000 | 2018/19 DKK '000 |
|--|-------|---------------------|---------------------|
| | | | |
| <i>Fixtures, fittings, tools and equipment</i> | | 5,841 | 7,018 |
| <i>Leasehold improvements</i> | | 4,180 | 5,346 |
| <i>Right of use assets</i> | | 3,847 | - |
| <i>Tangible assets under construction</i> | | - | 459 |
| Property, plant and equipment | 8 | 13,868 | 12,823 |
| Non current assets | | 13,868 | 12,823 |
| <i>Goods for resale</i> | | 53,887 | 34,437 |
| Inventories | | 53,887 | 34,437 |
| <i>Trade receivables</i> | | 152,359 | 99,559 |
| <i>Receivables from group enterprises</i> | | 549,224 | 535,646 |
| <i>Deferred tax asset</i> | 9 | 4,011 | 5,456 |
| <i>Lease Receivables</i> | 10 | 1,987 | - |
| <i>Other receivables</i> | | 733 | 2,744 |
| <i>Prepayments</i> | 11 | 2,100 | 3,164 |
| Receivables | | 710,414 | 646,569 |
| Current Assets | | 764,301 | 681,006 |
| Assets | | 778,169 | 693,829 |

Balance Sheet at 31 October 2020

Equity and Liabilities

| | Notes | 2019/20 DKK '000 | 2018/19 DKK '000 |
|--|-------|---------------------|---------------------|
| | | | |
| <i>Share capital</i> | | 50 | 50 |
| <i>Other reserves</i> | | 147,969 | 147,969 |
| <i>Proposed Dividend</i> | | 30,650 | - |
| <i>Retained earnings</i> | | 52,228 | 57,669 |
| Equity | | 230,897 | 205,688 |
| <i>Other provisions</i> | 12 | 38,529 | 40,537 |
| Provisions | | 38,529 | 40,537 |
| <i>Long term lease payables</i> | 13 | 6,685 | 4,715 |
| <i>Long term deferred income</i> | 14 | 92,107 | 80,010 |
| Non current liabilities other than provisions | | 98,792 | 84,725 |
| <i>Short term lease payables</i> | 13 | 4,054 | 2,109 |
| <i>Short term deferred income</i> | 14 | 96,463 | 84,093 |
| <i>Trade payables</i> | | 18,208 | 21,795 |
| <i>Payables to group enterprises</i> | | 240,816 | 204,522 |
| <i>Income tax payable</i> | | 4,924 | 8,122 |
| <i>Other payables</i> | | 45,486 | 42,238 |
| Current liabilities other than provisions | | 409,951 | 362,879 |
| Liabilities other than provisions | | 508,743 | 447,604 |
| Equity and liabilities | | 778,169 | 693,829 |

Balance Sheet at 31 October 2020

| | Notes |
|--------------------------------------|-------|
| Share based payments | 15 |
| Transactions with related parties | 16 |
| Group relations | 17 |
| Proposed distribution of profit/loss | 18 |
| COVID 19 Impact | 19 |

Statement of changes in equity for 2019/20

| | Notes | Share Capital DKK '000 | Other Reserves DKK '000 | Retained Earnings DKK '000 | Proposed Dividend* DKK '000 | Total DKK '000 |
|--|-------|------------------------------|-------------------------------|----------------------------------|-----------------------------------|-------------------|
| <i>Equity at the beginning of the year</i> | | 50 | 147,969 | 57,669 | | 205,688 |
| <i>Profit/ loss for the year</i> | 18 | - | - | (5,441) | 30,650 | 25,209 |
| Equity at the end of the year | | 50 | 147,969 | 52,228 | 30,650 | 230,897 |

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

* Dividend of TDKK 30,650 declared during AGM held on 15th March 2021.

Notes to Financial Statements

| | 2019/20 DKK '000 | 2018/19 DKK '000 |
|--|---------------------|---------------------|
| 1 Revenue | | |
| <i>By geographical segment</i> | | |
| Denmark | 2,022,220 | 1,936,156 |
| Other countries | 61,683 | 30,301 |
| | <u>2,083,903</u> | <u>1,966,457</u> |
| <i>By business segments</i> | | |
| Personal Systems | 1,812,995 | 1,676,763 |
| Print | 270,908 | 289,694 |
| | <u>2,083,903</u> | <u>1,966,457</u> |
| 2 Statutory audit and tax compliance fees* | | |
| Statutory audit services | 212 | 198 |
| Tax compliance services | 42 | 41 |
| Non Audit Service (WEEE Reporting) | 35 | 61 |
| | <u>289</u> | <u>300</u> |
| * Statutory audit and tax compliance fees are part of other external expenses in Income statement. | | |
| 3 Staff costs | | |
| Wages and salaries | 69,463 | 70,465 |
| Pension costs | 5,712 | 5,389 |
| Other social security expenses | 602 | 601 |
| | <u>75,777</u> | <u>76,455</u> |
| Average number of employees | 78 | 78 |
| 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 | 5,051 | 1,728 |
| | <u>5,051</u> | <u>1,728</u> |
| 5 Financial income | | |
| Foreign exchange Gains | 4,323 | - |
| Interest received from group enterprises | - | 95 |
| Other financial income | 135 | 105 |
| | <u>4,458</u> | <u>200</u> |

Notes to Financial Statements

| | 2019/20 DKK '000 | 2018/19 DKK '000 |
|--|---------------------|---------------------|
| 6 Financial expenses | | |
| Foreign exchange losses | - | 490 |
| Interest paid to group enterprises | 111 | - |
| Other financial expenses | 294 | 293 |
| | 405 | 783 |
| 7 Tax on profit/loss for the year | | |
| Current tax | 5,560 | 8,122 |
| Change in deferred tax | 1,647 | (2,148) |
| Adjustment of tax for previous year* | (5) | - |
| | 7,202 | 5,974 |

* Adjustment of tax for previous year relates to additional income tax liability and deferred tax assets based on computation in final Corporate Income Tax return filed for FY19.

8 Property, plant and equipment

| | Lease hold improvement | Fixtures, fittings, tools and equipment | Tangible assets under construction |
|---|---------------------------|---|--|
| Cost - beginning of the year | 5,660 | 9,002 | 459 |
| Additions for the year | 118 | 768 | - |
| Transferred during the year | | 459 | (459) |
| Retirements for the year | - | (231) | - |
| Cost - end of the year | 5,778 | 9,998 | - |
| Depreciation - beginning of the year | (314) | (1,985) | - |
| Depreciation adjustment for retirements | - | 113 | - |
| Depreciation for the year | (1,284) | (2,285) | - |
| Accumulated Depreciation - end of the year | (1,598) | (4,157) | - |
| Carrying amount at the end of the year | 4,180 | 5,841 | - |
| <i>Including assets under finance lease</i> | - | 4,628 | - |

Following are changes in carrying value of right of use asset for the year ended October 31, 2020

| | Category of ROU Assets | |
|---|------------------------|----------------|
| | Real Estate Leases | Fleet Vehicles |
| Balance as on November 1, 2019 | - | - |
| Addition during the year | 4,509 | 820 |
| Depreciation | (1,062) | (420) |
| Carrying amount at the end of the year | 3,447 | 400 |

Notes to Financial Statements

| 9 Deferred tax asset | 2019/20 DKK '000 | 2018/19 DKK '000 |
|-----------------------------|---------------------|---------------------|
| Opening balance | 5,456 | 3,308 |
| Change in deferred tax | (1,647) | 2,148 |
| Adjustment for prior years* | 202 | - |
| | <u>4,011</u> | <u>5,456</u> |

* Adjustment for prior years based on final deferred tax asset computation in filed FY19 Corporate Income Tax return

Deferred tax relates to:

| | | |
|-------------------------------|--------------|--------------|
| Property, plant and equipment | 969 | 446 |
| Trade receivables | 273 | 667 |
| Provisions | 2,769 | 4,343 |
| | <u>4,011</u> | <u>5,456</u> |

10 Lease Receivables

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

| | 2019/20 DKK '000 | 2018/19 DKK '000 |
|-----------------------|---------------------|---------------------|
| Between 1 and 5 years | 964 | - |
| Less than 1 year | 1,023 | - |
| | <u>1,987</u> | <u>-</u> |

11 Prepayments

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

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 38,529. (FY19: TDKK 40,537) 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.

| | 2019/20 DKK '000 | 2018/19 DKK '000 |
|-----------------------|---------------------|---------------------|
| Between 1 and 5 years | 6,685 | 4,715 |
| Less than 1 year | 4,054 | 2,109 |
| | <u>10,739</u> | <u>6,824</u> |

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.

Notes to Financial Statements

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 2020 such expenditure was TDKK 514. At the end of the year there are 14,009 unvested RSUs having a value of TDKK 1951.

During the FY 2019 such expenditure was TDKK 775. At the end of the year there were 7,512 unvested RSUs.

| | 2019/20 DKK '000 | 2018/19 DKK '000* |
|---|---------------------|----------------------|
| 16 Transactions with related parties | | |
| Key intercompany transactions: | | |
| Purchase of goods | 1,829,217 | 1,808,681 |
| Services from group companies | 2,583 | 35,135 |
| Services to group companies | 13,912 | 12,658 |
| Interest income | - | 95 |
| Interest expenses | 111 | - |
| Staff expenses (employee share based payments) | 514 | 775 |

Intercompany balances outstanding as on 31st October

| | | |
|-------------------------------|---------|---------|
| Payables to group companies | 240,816 | 204,522 |
| Cash pool deposits | 509,660 | 491,844 |
| Receivable against warranties | 38,528 | 40,537 |
| Other receivables | 1,036 | 3,266 |

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)

| | 2019/20 DKK '000 | 2018/19 DKK '000 |
|--|---------------------|---------------------|
| 18 Proposed distribution of profit/loss | | |
| Proposed dividend | 30,650 | - |
| Transferred to equity reserves | (5,441) | 19,912 |
| | 25,209 | 19,912 |

19 COVID 19 Impact

The Company has concluded that there is no material impact to the financial statements of fiscal year 2020, on account of the COVID-19 pandemic. The Company also expects to grow market share in both PC and Print segment in fiscal year 2021.

As of October 31, 2020, the impact of COVID-19 on our business continues to exist. As a result, our estimates and assumptions require increased judgment and may carry a moderate degree of variability and volatility. The management is continuously reviewing the situation and shall continue to take additional steps as required.

Accounting Policies

Reporting class

The annual report for HP Inc Danmark ApS for 2019/20 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 2019/20 are presented in '000/ TDKK. The financial statements have been prepared in accordance with the same accounting policies as last year except IFRS 16.

Changes in Accounting Policies

IFRS 16: New Lease Accounting Standard

Effective from 1 November 2019, HP Inc Danmark ApS has implemented IFRS 16 for purposes of interpreting the provisions of the Danish Financial Statements Act on leases, using a modified retrospective approach method and has therefore not restated the comparative figures, which are still presented in accordance with the rules of IAS 17 and IFRIC 4. HP also elected the package of practical expedients which does not require reassessment of initial direct costs, classification of a lease, and definition of a lease. The Company has elected not to record leases with an initial term of 12 months or less on the Balance Sheet. Lease expense on such leases is recognized on a straight-line basis over the lease term. The Company has also elected the lessee practical expedient to combine lease and non-lease components for certain asset classes.

Leases applicable from 1 November 2019

When implementing IFRS 16 at 1 November 2019, the Company recognised a leased asset of TDKK 5,329 and a corresponding lease commitment. Other external costs were reduced by TDKK 1,552, and depreciation as well as financial expenses increased by TDKK 1,482 and TDKK 106, respectively.

The new standard also made some changes to lessor accounting, including alignment with the new revenue recognition standard. HP now records revenue upfront on certain aspects of its as-a-service offerings. These changes did not have a material impact on Financial Statements.

HP determines at lease inception whether or not an arrangement contains a lease. 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.

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

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

Accounting Policies

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.

Apart from the above, 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.

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.

Accounting Policies

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.

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.

Accounting Policies

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.

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.

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.