

HP Inc Danmark ApS

Engholm Parkvej 8, Denmark-3450, Allerød

Business Registration number: 36497718

Annual Report for the period 1 November 2020 - 31 October 2021

The Annual Report was presented and adopted at the Annual General Meeting on 15 March, 2022

Chairman of the General Meeting



Heli Marketta Aaltonen

Contents	<u>Page</u>
Entity Details	1
Management's Statement	2
Independent Auditor's Report	3
Management Commentary	6
Sustainability Report	10
Income Statement 2020/21	22
Balance Sheet as at 31 October 2021	23
Statement of Changes in Equity	26
Notes	27
Accounting Policies	32

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 2020 - 31 October 2021

Board of Directors

Heli Marketta Aaltonen, Chairman
Anne-Sophie Hadberg (resigned w.e.f. Jan 2022)
Jan Thomas Persson (Joined w.e.f. Jan 2022)
Peter Møller Kristensen

Executive Board

Peter Møller Kristensen

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 2020 to 31 October 2021.

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 2021 and of the results of Company's operations for the financial year 1 November 2020 to 31 October 2021.

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, 2022

Executive Board

Peter Kristensen

Peter Kristensen (Mar 16, 2022 08:56 GMT+1)


Peter Møller Kristensen

Managing Director

Board of Directors



Heli Marketta Aaltonen
Chairman



Thomas Persson (Mar 15, 2022 17:33 GMT+1)

Jan Thomas Persson

Peter Kristensen

Peter Kristensen (Mar 15, 2022 12:51 GMT+1)

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 2020 to 31 October 2021, 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 2021 and of the results of the Company's operations for the financial year 1 November 2020 to 31 October 2021 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, 15 March 2022

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



Heidi Brander
State Authorised Public Accountant
mne33253

Management Commentary

Financial Highlights	2020/21	2019/20	2018/19	2017/18	2016/17
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	2,166,388	2,083,903	1,966,457	1,717,739	1,747,905
Gross profit/loss	128,976	109,186	104,652	102,839	88,066
Operating profit/loss	36,008	28,358	26,469	30,149	30,793
Net financial income/expenses	(709)	4,053	(583)	(5,805)	(17,930)
Profit/loss for the year	19,036	25,209	19,912	18,642	9,731
Total assets	816,566	778,169	693,829	559,052	551,776
Investment in property, plant and equipment	560	6,215	11,004	3,269	203
Equity	219,283	230,897	205,688	185,777	167,135
Average Number of employees	77	78	78	72	61

Ratios

Return on equity (%)	8.5	11.5	10.2	10.6	6.0
Solvency ratio (%)	26.9	29.7	29.6	33.2	30.3
Return on assets ratio (%)	4.4	3.6	3.8	5.4	5.6

Management Commentary

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 63.49 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 fiscal year 2021 was TDKK 2,166,388, an increase of 4% year over year, whereas, operating profit increased by 9% to TDKK 36,008. As of 31 October 2021, the balance sheet of the Company shows equity of TDKK 219,283 in comparison to TDKK 230,897 as at 31st October 2020, where reduction is due to dividend distribution of TDKK 30,650 during March 2021.

In FY21 the corona pandemic continued for the second year in a row. The prolonged pandemic further increased the demand for devices and services for working and studying from home. At the same time, the increase in world wide demand has resulted in higher than normal backlog of orders and increased delivery times.

The demand for HP's products, services and solutions remained strong throughout the year, especially with laptops, accessories and home printing.

Outlook

HP expects continued strong demand for IT products in FY22. Revenue is forecasted in the range of 2.2 to 2.3 Millions DKK for FY22 with the increase of 4%. Profit before tax is expected to be approx. 34,000 to 35,000 TDKK. Working from home during the past 2 years and the hybrid working way that we expect to be the new normal (working in the office, from home, on the go) means that the PC is becoming even more important in daily life. 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 a continued 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. HP continues on its business and digital transformation journey making our business more customer centric and data driven. We will continue to bring to market new subscription-based services that offer superior customer experience and ease of use. In all our product and services offerings sustainability and cybersecurity features are crucial. We will continue our efforts to become the most sustainable and just IT company in the world. We will also increasingly bring together our PC and Print offerings into one service or subscription. This is clearly a demand we see from our customers.

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.

Employee care

Retention of employees and attracting new talents is very important for the Company and it is crucial for HP's ability to be the best partner for end customers and resellers. HP 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 has a robust infrastructure in place to support remote work environment. In the third quarter of fiscal year 2021, a work-from-home reimbursement program was implemented for all employees to enable a work environment for when working from home. The company has put in place a number of different new practices to make sure to keep communication level and engagement with teams and motivation level high for all the Danish employees, during a period where working from home has been the normal in longer periods.

The Company achieved high scores in employee engagement in yearly employee survey 2021, and focus is on improving this even more, year by year. The high scores are achieved due to the long time prevalent and strong HP culture and the continuous local focus that the Company has on staying an attractive workplace.

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 2020-11-01 to 2021-10-31*

*data for put on market volumes for calculation of producer responsibility for electronics, and batteries covers full calendar year 2021.

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, 3D printing solutions
- **Sustainability** – Climate Action, Human Rights, Digital Equity
- **Looking ahead**
- **Annex-** 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. 77.

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 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

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

During 2021, 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 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.

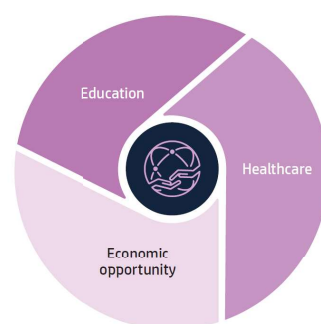
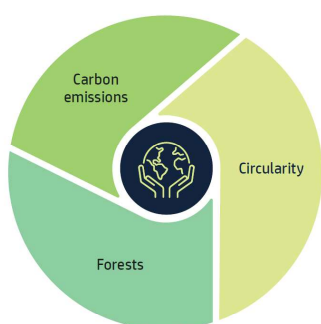
The framework we use to address megatrends resulting in risks and opportunities is based on three pillars:

Climate Actions - Drive toward a net zero carbon, fully regenerative economy while engineering the industry's most sustainable portfolio of products and solutions.

Human rights – Create a powerful culture of diversity, equity, and inclusion. Advance human rights, social justice, and racial and gender equality across our ecosystem, raising the bar for all.

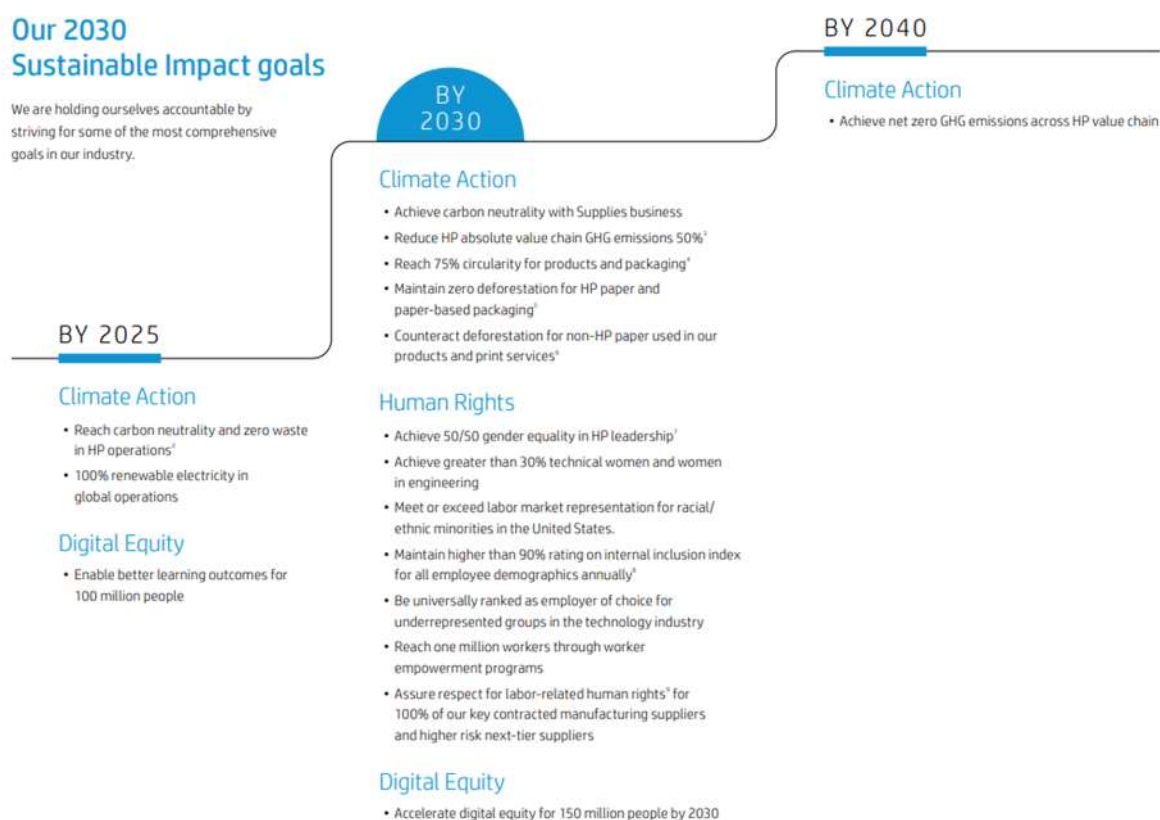
Digital Equity – Lead in activating and innovating holistic solutions that break down the digital divide that prevents many from accessing the education, jobs and healthcare needed to thrive. Drive digital inclusion to transform lives and communities

Our commitment to integrity, fairness, transparency, and accountability enables our Sustainable Impact. HP Inc.'s 2030 vision is to become the most sustainable and just technology company.



Management Commentary

HP has setup the below long term goals for each of the three pillars.



In June 2021, HP has announced the release of its Sustainable Bond Framework, which the company will use to issue bonds to help finance HP projects that contribute to a more sustainable and just future. HP intends to allocate the proceeds of the sustainability notes to fund projects across eight key areas of the business including: renewable energy, green buildings, energy efficiency, clean transportation, pollution prevention and control, the circular economy, natural resources and land use, and socioeconomic advancement and empowerment.

The company also announced the pricing of its inaugural sustainability notes issuance, totaling \$1 billion, as part of a \$2 billion overall debt offering. The sustainability notes are designed to empower investors to join HP in tackling important economic, social and sustainability issues.

The sustainability notes offering follows a series of recent announcements by HP setting some of the most aggressive and comprehensive environmental and social goals in the technology industry, including a pledge to achieve net zero carbon emissions across its value chain by 2040 and gender parity in management roles by 2030.

Management Commentary

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 April 2021, we launched new and more aggressive goals in this area:

- Achieve net zero GHG emissions across HP value chain by 2040, beginning with our Supplies business achieving carbon neutrality by 2030.
- Reduce HP value chain GHG emissions 50% by 2030.
- Reach carbon neutrality in HP operations by 2025

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>	
<i>Identification, assessment and management of risks and opportunities further described in HP Sustainable Impact report 2019 page 21.</i>	

Management Commentary

In 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 communities engagement

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. Due to the pandemic starting in early 2020 the profile of the HP global footprint changed in 2020 with a decrease of 4% compared to 2019. It was closer to 45,000,000 CO₂e.

The change was driven by a decrease in emissions associated with product use, product transportation, commuting, and facilities.

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 77 employees in 2021, out of about 53,000 employees globally.

To mention some data relevant to HP's national activities during fiscal year 2021:

- Energy use at office 166,650 kWh of electricity and 54,888 kWh of natural gas was used in fiscal year 2021 (estimates based in square footage).
- Company cars, 7, with carbon emissions 180 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 2021, the company has put approximately 2,700 tons 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 Danmark.

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 HP Inc Danmark 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 85% 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.

Management Commentary

Due to COVID-19, slight delay in pick-up and delivery of recycling boxes were noticed in 2021 due to extra precautions required in logistics flow.

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 Inc.'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 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 2021 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.

Management Commentary

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 2021 was 97% with an engagement score of 73%.

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 2019, HP launched a new ethics case reporting and management tool that provides centralized and automated case workflow, greater visibility to live data, and opportunities to interact with the Ethics and Compliance Office's Integrity investigations team where appropriate. In January 2020, this tool and its enhanced reporting methods became the main mechanism for employees and third parties to report integrity concerns within HP. We informed employees about these changes through a global "Speak Up, Listen Up" communications campaign.

We have not experienced any issues or complaints in 2021, that conflict with HP social and ethical guidelines.

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:

Management Commentary

- 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.
- 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.

Management Commentary

- 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.

As per the latest data available for HP company wide program in 2020, we have completed 137 audits and 3 other assessments of production, non-production and product transportation suppliers. During the year, 89% of production supplier audits were third-party certified RBA VAP audits (Responsible Business Alliance Validated Audit Program).

During the 2021 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 2020, we identified ten immediate priority findings, equivalent to 0.19 findings on average for each initial audit and full re-audit of production suppliers was conducted. Two findings related to charging of recruitment fees, one related to discrimination, one related to fire detection, and six related to fire exits. We required the issues to be immediately addressed and are working with the suppliers to complete remediation 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 and safety in the production. 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

HP's goal is to create a powerful culture of diversity, equity, and inclusion while advancing human rights, social justice, and racial and gender equality across our ecosystem.

Management Commentary

Beginning in 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 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. The last such external assessment was performed in 2017. 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.
- 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.

Management Commentary

- 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: 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 2021 was 95%.

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 grantmaking process.

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 webinar sessions are conducted and doctors share knowledge about COVID-19. During 2020, the concept of work from home was introduced and continued in 2021. 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.

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

As at 31 October 2021, two 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 45% women. Overall HP Inc Danmark ApS has 34% 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 90% compared to males.

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.

Digital Equity

In 2021, HP set a goal to accelerate digital equity for 150 million people by 2030. As part of these efforts, we're launching the HP Partnership and Technology for Humanity (PATH) accelerator program, focused on paving the way toward digital equity and inclusion in underserved communities around the world.

We will achieve this through transformative innovation, programs, and strategic investments and partnerships. For example, through the HP Foundation program HP LIFE, we increased outreach in 2020 to bring the free HP LIFE courses to students who had their learning interrupted, resulting in a more than 210% increase in new users from 2019. Through our healthcare innovations, we are working to increase access for underserved populations and accelerate production of critical supplies in times of disaster, as we did in response to COVID-19. And through strategic partnerships like Girl Rising, we are bringing new, inclusive content and curriculums to classrooms and educators.

In Christmas time a gift from HP Imaging Grant was given to Julemærkefonden for purchasing IT equipment to facilitate their work with teaching vulnerable young children and teenagers.

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.

Reference

HP Sustainable Impact and Human Rights Policy

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

Income Statement for 1 November 2020 to 31 October 2021

	Note	2020/21 DKK'000	2019/20 DKK'000
<i>Net revenue</i>	1	2,166,388	2,083,903
<i>Cost of sales</i>		(2,022,888)	(1,949,622)
<i>Other external expenses</i>	2	(14,524)	(25,095)
Gross Profit/ (Loss)		128,976	109,186
<i>Staff costs</i>	3	(88,063)	(75,777)
<i>Depreciation, amortization and impairment losses</i>	4	(4,905)	(5,051)
Operating Profit/ (Loss)		36,008	28,358
<i>Financial income</i>	5	458	4,458
<i>Financial expenses</i>	6	(1,167)	(405)
Profit/ (Loss) before tax		35,299	32,411
<i>Tax for the year</i>	7	(16,263)	(7,202)
Net Profit/ (Loss) for the year		19,036	25,209

Balance Sheet at 31 October 2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
<i>Fixtures, fittings, tools and equipment</i>		3,719	5,841
<i>Leasehold improvements</i>		2,896	4,180
<i>Right of use assets</i>		2,884	3,847
<i>Property, plant and equipment</i>	8	9,499	13,868
Non current assets		9,499	13,868
<i>Goods for resale</i>		95,508	53,887
Inventories		95,508	53,887
<i>Trade receivables</i>		184,223	152,359
<i>Receivables from group enterprises</i>		513,211	549,224
<i>Deferred tax asset</i>	9	7,748	4,011
<i>Lease Receivables</i>	10	3,812	1,987
<i>Other receivables</i>		920	733
<i>Prepayments</i>	11	1,646	2,100
Receivables		711,560	710,414
Current Assets		807,068	764,301
Assets		816,566	778,169

Balance Sheet at 31 October 2021

Equity and Liabilities

	Notes	2020/21 DKK'000	2019/20 DKK'000
<i>Share capital</i>		50	50
<i>Other reserves</i>		147,969	147,969
<i>Dividend</i>		—	30,650
<i>Retained earnings</i>		71,264	52,228
Equity		219,283	230,897
<i>Other provisions</i>	12	41,643	38,529
Provisions		41,643	38,529
<i>Long term lease payables</i>	13	5,329	6,685
<i>Long term deferred income</i>	14	85,072	92,107
Non current liabilities other than provisions		90,401	98,792
<i>Short term lease payables</i>	13	4,411	4,054
<i>Short term deferred income</i>	14	93,386	96,463
<i>Trade payables</i>		8,943	18,208
<i>Payables to group enterprises</i>		278,986	240,816
<i>Income tax payable</i>		19,372	4,924
<i>Other payables</i>		60,141	45,486
Current liabilities other than provisions		465,239	409,951
Liabilities other than provisions		555,640	508,743
Equity and liabilities		816,566	778,169

Balance Sheet at 31 October 2021

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

Statement of changes in equity for 2020/21

	Notes	Share Capital DKK'000	Other Reserves DKK'000	Retained Earnings DKK'000	Proposed Dividend* DKK'000	Total DKK'000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Equity at the beginning of the year		50	147,969	52,228	30,650	230,897
Dividend distributed					(30,650)	(30,650)
Profit/ loss for the year	18	—	—	19,036	—	19,036
Equity at the end of the year		<u>50</u>	<u>147,969</u>	<u>71,264</u>	<u>—</u>	<u>219,283</u>

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 was approved during AGM held on 15th March 2021 and distributed on the same day.

Notes to Financial Statements

	2020/21	2019/20
	DKK'000	DKK'000
1 Revenue		
<i>By geographical segment</i>		
Denmark	2,101,396	2,022,220
Other countries	64,992	61,683
	2,166,388	2,083,903
<i>By business segments</i>		
Personal Systems	1,884,758	1,812,995
Print	281,630	270,908
	2,166,388	2,083,903

2 Statutory audit and tax compliance fees

Statutory audit services	212	212
Tax compliance services	42	42
Non Audit Service (WEEE Reporting)	35	35
	289	289

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

3 Staff costs

Wages and salaries	81,809	69,463
Pension costs	5,478	5,712
Other social security expenses	776	602
	88,063	75,777
Average number of employees	77	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	4,905	5,051
	4,905	5,051

Notes to Financial Statements

	2020/21 DKK'000	2019/20 DKK'000
5 Financial income		
Foreign exchange Gains	—	4,323
Other financial income	458	135
	458	4,458
6 Financial expenses		
Foreign exchange losses	169	—
Interest paid to group enterprises	253	111
Other financial expenses	745	294
	1,167	405
7 Tax on profit/loss for the year		
Current tax	12,051	5,560
Change in deferred tax	(3,733)	1,647
Adjustment of tax for previous year*	7,945	(5)
	16,263	7,202

* 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 FY20.

8 Property, plant and equipment

	Lease hold improvement	Fixtures, fittings, tools and equipment
Cost - beginning of the year	5,778	9,998
Additions for the year	—	—
Transferred during the year	—	—
Retirements for the year	—	(837)
Cost - end of the year	5,778	9,161
Depreciation - beginning of the year	(1,598)	(4,157)
Depreciation adjustment for retirements	—	813
Depreciation for the year	(1,284)	(2,098)
Accumulated Depreciation - end of the year	(2,882)	(5,442)
Carrying amount at the end of the year	2,896	3,719
<i>Including assets under finance lease</i>	—	2,872

Notes to Financial Statements

Following are changes in carrying value of right of use asset for the year ended October 31, 2021

	Category of ROU Assets	
	Real Estate Leases	Fleet Vehicles
Balance as on November 1, 2020	3,447	400
Addition during the year	163	397
Depreciation	(1,133)	(390)
Carrying amount at the end of the year	2,477	407
	2021	2020
	DKK'000	DKK'000
9 Deferred tax asset		
Opening balance	4,011	5,456
Change in deferred tax	3,733	(1,647)
Adjustment for prior years*	3	202
	7,748	4,011

* Adjustment for prior years based on final deferred tax asset computation in filed FY20 Corporate Income Tax return

Deferred tax relates to:

Property, plant and equipment	937	969
Trade receivables	217	273
Provisions	6,593	2,769
	7,748	4,011

10 Lease Receivables

Between 1 and 5 years	2,305	964
Less than 1 year	1,507	1,023
	3,812	1,987

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 41,643 (FY20: TDKK 38,529) 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.

	2021 DKK'000	2020 DKK'000
Between 1 and 5 years	5,329	6,685
Less than 1 year	4,411	4,054
	9,740	10,739

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 2021 such expenditure was TDKK 3,687 . At the end of the year there are 16,345 unvested RSUs having a value of TDKK 3,279.

During the FY 2020 such expenditure was TDKK 514 . At the end of the year there were 14,009 unvested RSUs.

Notes to Financial Statements

	2020/21	2019/20
	DKK'000	DKK'000
16 Transactions with related parties		
Key intercompany transactions:		
Purchase of goods	2,036,614	1,829,217
Services from group companies	1,725	2,583
Services to group companies	12,953	13,912
Interest income	—	—
Interest expenses	253	111
Staff expenses (employee share based payments)	3,687	514
Intercompany balances outstanding as on October 31		
Payables to group companies	278,986	240,816
Cash pool deposits	471,112	509,660
Receivable against warranties	41,643	38,529
Other receivables	456	1,036

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)

	2020/21	2019/20
	DKK'000	DKK'000
18 Proposed distribution of profit/loss		
Proposed dividend	—	30,650
Transferred to equity reserves	19,036	(5,441)
	19,036	25,209

Accounting Policies

Reporting class

The annual report for HP Inc Danmark ApS for 2020/21 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 2020/21 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.

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.

Accounting Policies

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.

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

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.

Accounting Policies

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.