

Hitachi Vantara A/S

Vedbæk Strandvej 350
2950 Vedbæk
Danmark

CVR no. 87455718

Annual report 1 April 2018 - 31 March 2019

Approved at the Company's annual general meeting on 28 June 2019

Chairman

Artur Zep

A handwritten signature in black ink, appearing to read 'Zep', is written over a horizontal dotted line.

Hitachi Vantara A/S

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Hitachi Vantara A/S

COMPANY INFORMATION

Reporting Company	Hitachi Vantara A/S Vedbæk Strandvej 350 2950 Vedbæk Danmark
Main financial institution	Citibank International PLC H.C. Andersens Boulevard 12 1553 København V Danmark
Auditor	Ernst & Young Godkendt Revisionsaktieselskab Osvold Helmuths Vej 4 2000 Fredriksberg Danmark

Hitachi Vantara A/S

MANAGEMENT'S REVIEW SUMMARY REPORT

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Hitachi Vantara A/S for the financial year 1 April 2018 - 31 March 2019.

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

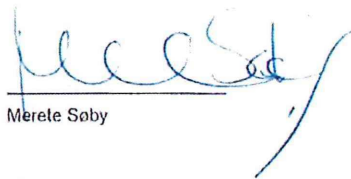
In our opinion, the company financial statements give a true and fair view of the company's financial position at 31 March 2019 and of the results of the company's operations and cash flows for the financial year 1 April 2018 - 31 March 2019.

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

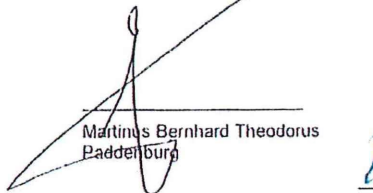
Vedbæk, 28 June 2019

Executive Board:



Merete Søby

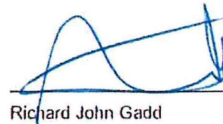
Board of Directors:



Martinus Bernhard Theodorus
Paddenburg



Elena Gilón



Richard John Gadd

Hitachi Vantara A/S

Independent auditor's report To the shareholders of Hitachi Vantara A/S

Opinion

We have audited the financial statements of Hitachi Vantara A/S for the financial year 1 April 2018 - 31 March 2019, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2019 and of the results of the Company's operations and cash flows for the financial year 1 April 2018 - 31 March 2019 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 responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control 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.

Hitachi Vantara A/S

Independent auditor's report To the shareholders of Hitachi Vantara A/S

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.

Hitachi Vantara A/S

Independent auditor's report To the shareholders of Hitachi Vantara A/S

Statement on the Management's review

Management is responsible for the Management's review.

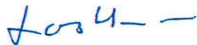
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

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

København, 28 June 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Lars Hansen, mne 24828
State Authorised Public Accountant

Hitachi Vantara A/S

MANAGEMENT'S REVIEW

Management commentary

Business review

The company's principal activities comprise sale and marketing of IT solutions in Denmark, related technical services as well as consulting services

Financial review

The Company's income statement for the year ended 31 March 2019 shows a net profit of DKK 4,722,000 and the balance sheet at 31 March 2019 shows shareholders' equity of DKK 36,997,000.

Revenue and Net Profit was higher than the Company's expectations as expressed in the financial statements for the year ended 31 March 2018. Gross Revenue for the year was higher by 12% than the Revenue target included in the Annual Operating Plan for the year ended 31 March 2019.

Management considers the result for the year as satisfactory

Outlook

In the financial year 1 April 2019 - 31 March 2020 the company expects a small increase in revenue and net profit at the same level.

Knowledge resources

Hitachi Vantara A/S consciously strive to recruit highly qualified employees and are continuously maintaining and improving the skills and qualifications for the employees through global educations programs and specialized courses.

Financial highlights

31 March

	2019	2018	2017	2016	2015
	DKK000	DKK000	DKK000	DKK000	DKK000
<i>Key figures</i>					
Revenue	376,794	323,434	446,738	494,146	363,331
Gross margin	91,248	84,181	87,489	81,436	79,168
Profit/loss from ordinary activities	7,537	7,269	8,446	10,287	9,902
Profit/loss from net financials	(1,434)	(1,256)	(567)	0	29
Profit/loss for the year	4,722	4,595	6,004	7,518	7,393

Hitachi Vantara A/S

MANAGEMENT'S REVIEW

	2019	2018	2017	2016	2015
	DKK000	DKK000	DKK000	DKK000	DKK000
Total assets	242,127	213,148	305,792	278,103	237,640
Portion relating to investments in items of property, plant and equipment	488	297	638	7,496	2,152
Equity	36,997	39,774	35,179	36,675	36,458

31 March

	2019	2018	2017	2016	2015
<i>Financial ratios</i>					
EBIT margin	2.0 %	2.2 %	1.9 %	2.1 %	2.7 %
Gross margin	24.2 %	26.0 %	19.6 %	16.5 %	21.8 %
Current ratio	183.6 %	207.6 %	171.6 %	201.1 %	207.3 %
Return on assets	3.1 %	2.8 %	2.9 %	4.0 %	4.2 %
Equity ratio	15.3 %	18.7 %	11.5 %	13.2 %	15.3 %
Return on equity	12.3 %	12.3 %	16.7 %	20.6 %	22.6 %

Average number of full-time employees	61	63	60	47	46
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Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows

EBIT margin	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Return on assets	$\frac{\text{Operating profit (EBIT)} \times 1000}{\text{Total assets}}$

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MANAGEMENT'S REVIEW

Equity ratio	$\frac{\text{Equity excl non-controlling interests, year-end} \times 100}{\text{Total Equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year excl. non-controlling interests} \times 100}{\text{Average equity excl non-controlling interests}}$

Corporate social responsibility

With Hitachi Vantara A/S' principal activities in sale and marketing of IT solutions in Denmark, related technical services as well as consulting services, the company finds the risks and its impact related to corporate social responsibility to be at a minimum, which is why no policies has been developed in regards to human rights, environmental issues, climate issues, social and employee conditions as well as anti-corruption.

Goals and policies for the underrepresented gender

Hitachi recognises that gender diversity is a crucial component in successful organisation. We acknowledge the value that women bring to the workforce and have implemented key initiatives to enhance gender diversity.

Women of Hitachi

Women of Hitachi is a grass roots program to help women of all functions and levels at Hitachi grow their skills, find opportunities to advance, increase impact at work, inform those inside and outside of Hitachi about the talent within and network with people who can help them achieve their professional goals. For these reasons, and since 2016, the Hitachi Group has organised annual global events but also many local events.

Mentoring Circles Programme

In 2015, Hitachi launched a Mentoring Circles Programme for mid-level female employees. The six-month programme consists of monthly mentoring sessions, in which groups of mentees are mentored by more experienced colleagues.

The aim is to create an open environment where mentees can freely discuss issues relating to their professional development and obtain advice and feedback from their mentors and fellow mentees. Each session focusses on a specific topic, such as leadership styles, effective networking, selling personal capabilities and maintaining work-life balance. Mentors facilitate the sessions, sharing the benefit of their own experience and providing insight on dealing with challenges as well as realising goals.

The programme has had a high success rate and a decision was made to open it up to males too. Mentors report it to be a rewarding process and mentees have stated finding the sessions useful in increasing in their confidence and pursuing their goals.

Hitachi Vantara A/S

MANAGEMENT'S REVIEW

Hitachi Vantara A/S is working to increase the number of female managers in the company and have therefore set specific targets for the proportion of the underrepresented sex and implemented policies to ensure this

Hitachi Vantara A/S has set a target at 33% of the shareholder-elected board members (equivalent to 1 member) must be a woman. For other managers, the objective is that 33% of company managers should be a woman.

For the financial year 2018/2019 the objective has been completed. The Board consists of 33% woman and 44% in management positions.

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STATEMENT OF PROFIT OR LOSS

		2019	2018
	Note	DKK	DKK
Revenue	2	376,794,000	323,434,000
Cost of sales		(269,534,000)	(225,306,000)
Other external expenses		(16,012,000)	(13,945,000)
Gross Margin		91,248,000	84,183,000
Staff costs	3	(82,995,000)	(76,060,000)
Amortisation, depreciation and impairment losses	4	(716,000)	(853,000)
Operating profit/loss		7,537,000	7,270,000
Finance expenses		(1,434,000)	(1,256,000)
PROFIT BEFORE TAX		6,103,000	6,014,000
Income tax expense	5	(1,381,000)	(1,418,000)
PROFIT FOR THE YEAR	17	4,722,000	4,596,000

Hitachi Vantara A/S

STATEMENT OF FINANCIAL POSITION

		2019	2018
	Note	DKK	DKK
ASSETS			
Non-current assets			
<i>Property, plant and equipment</i>			
Fixtures and fittings, plant and equipment	6	835,000	1,063,000
		<u>835,000</u>	<u>1,063,000</u>
<i>Other non-current assets</i>			
Other receivables	7	2,983,000	4,401,000
Prepayments	8	3,113,000	1,761,000
		<u>6,096,000</u>	<u>6,162,000</u>
Total non-current assets		<u>6,931,000</u>	<u>7,225,000</u>
<i>Inventories</i>			
Finished goods and goods for resale		4,396,000	2,582,000
		<u>4,396,000</u>	<u>2,582,000</u>
<i>Receivables</i>			
Trade receivables		71,913,000	49,863,000
Receivables from group enterprises		670,000	24,000
Deferred Tax Assets	14	2,113,000	2,820,000
Other receivables	7	2,387,000	1,767,000
Prepayments	8	7,175,000	6,233,000
Tax receivables		1,594,000	2,803,000
		<u>85,852,000</u>	<u>63,510,000</u>
Cash	9	144,948,000	139,832,000
Total current assets		<u>235,196,000</u>	<u>205,924,000</u>
TOTAL ASSETS		<u>242,127,000</u>	<u>213,149,000</u>

Hitachi Vantara A/S

STATEMENT OF FINANCIAL POSITION

		2019	2018
	Note	DKK	DKK
Equity and liabilities			
<i>Equity</i>			
Share capital	10	7,000,000	7,000,000
Retained earnings		23,997,000	25,275,000
Dividend proposed for the year		6,000,000	7,500,000
Equity holders' share of equity		36,997,000	39,775,000
Total equity		36,997,000	39,775,000
<i>Non-current liabilities</i>			
Other provisions	11	15,600,000	18,493,000
Deferred income	12	61,417,000	52,721,000
Total non-current liabilities		77,017,000	71,214,000
<i>Current liabilities</i>			
Trade payables		4,768,000	1,877,000
Payables to subsidiaries		30,571,000	17,488,000
Other payables		29,285,000	25,068,000
Deferred income	12	63,489,000	57,727,000
Total current liabilities		128,113,000	102,160,000
Total liabilities		205,130,000	173,374,000
Total equity and liabilities		242,127,000	213,149,000

Hitachi Vantara A/S

STATEMENT OF CHANGES IN EQUITY

Hitachi Vantara A/S

	Note	Share Capital DKK	Retained earnings DKK	Dividend proposed for the year DKK	Total DKK
Equity at 1 April 2018		7,000,000	25,275,000	7,500,000	39,775,000
Dividend distribution		0	0	(7,500,000)	(7,500,000)
Appropriation of profit/loss	17	0	(1,278,000)	6,000,000	4,722,000
Equity at 31 March 2019		7,000,000	23,997,000	6,000,000	36,997,000

Hitachi Vantara A/S

CASH FLOW STATEMENT

	Note	DKK	DKK
Profit for the year		4,722,000	4,596,000
Amortisation/depreciation charges		716,000	853,000
Other adjustments of non-cash operating items		(2,893,000)	3,385,000
Cash generated from operations before changes in working capital		2,545,000	8,834,000
Changes in working capital		(4,357,000)	36,861,000
Cash generated from operations		(1,812,000)	45,695,000
Interest paid		(1,435,000)	(1,256,000)
Income taxes paid		452,000	(2,398,000)
Tax expense		1,381,000	1,418,000
Interest payable and similar charges		1,435,000	1,256,000
Cash flows from operating activities		21,000	44,715,000
Acquisition of property, plant and equipment	6	(488,000)	(297,000)
Cash flows from investing activities		(488,000)	(297,000)
Loan financing:			
Incurrence of debt to group enterprises		13,083,000	(66,017,000)
Shareholders:			
Dividend distribution		(7,500,000)	0
Cash flows from financing activities		5,583,000	(66,017,000)
Net cash flows		5,116,000	(21,599,000)
Cash and cash equivalents, beginning of year	9	139,832,000	161,431,000
Cash and cash equivalents, year-end	9	144,948,000	139,832,000

Hitachi Vantara A/S

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The annual report of Hitachi Vantara A/S for 31 March 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year

The Annual Report is presented in Danish kroner.

1.1 Financial statements

(a) Foreign currency translation

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

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

1.2 Income statement

(a) Revenue

The Company has chosen IAS 11/IAS18 as interpretation for revenue recognition

On the conclusion of sales contracts which consist of several, separate sales transactions, the contract price is split up into the individual sales transactions based on the relative fair value approach. The separate sales transactions are recognised as revenue when the criteria for sale of goods, services or construction contracts are met.

A contract is split up into individual transactions when the fair value of each individual sales transaction can be calculated reliably and when each individual sales transaction has a separate value for the purchaser. Sales transactions are deemed to have a separate value for the purchaser when the transaction is individually identifiable and is usually sold separately.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

(i) Revenue from the sale of goods

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been passed on to the buyer and provided the income can be measured reliably and payment is expected to be received. The date at which the most significant rewards and risks are passed on is based on standardised terms of delivery based on Incoterms® 2010. Where sold goods are supplied and integrated with the purchaser's property on a current basis, the income is recognised in revenue as the goods are supplied, meaning that revenue corresponds to the selling price of work performed during the year.

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NOTES TO THE FINANCIAL STATEMENTS

(i) Revenue from the sale of services

Revenue from the sale of services, which include service contracts and extended warranty commitments relating to products and services sold, is recognised on a straight-line basis as the services are rendered.

(b) Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue

(c) Administrative expenses

Administrative expenses comprise costs incurred in the year to manage and administer the Company, including expenses related to administrative staff, management, office premises, office expenses and amortisation/depreciation

(d) Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

(e) Other operating income

Other operating income comprises items secondary to the entities' activities, including gains on disposal of intangible assets and items of property, plant and equipment.

(f) Other operating expenses

Other operating expenses comprise items secondary to the entities' activities, including losses on disposal of intangible assets and items of property, plant and equipment

(g) Financial income and expenses

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

(h) Tax for the year

The parent and all Danish group enterprises are jointly taxed. The Danish income tax charge is allocated between profit-making and loss-making Danish enterprises in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowance, and jointly taxed companies having paid too little tax pay, as minimum, a surcharge according to the current rates applicable to interest surcharge to the management company.

The tax expense for the year, which comprises the year's current tax charge, joint taxation contributions and changes in the deferred tax charge - including changes arising from changes in tax rates - is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Hitachi Vantara A/S

NOTES TO THE FINANCIAL STATEMENTS

1.3 Balance sheet

(a) Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset.

Interest expenses on loans to finance the production of items of property, plant and equipment, and which relate to the production period, are recognised in cost. All other borrowing costs are recognised in the income statement.

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

Property, plant and equipment are depreciated on a straight-line basis to the residual value, based on the cost, measured by reference to the following assessment of the useful life and the residual value.

Other fixtures and fittings, tools and equipment, useful life 2-5 years. The scrap value of fixed assets valued at DKK 0.

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are 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 depreciation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

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

(b) Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the net present value of future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as discount factor. Assets held under finance leases are subsequently accounted for as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

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NOTES TO THE FINANCIAL STATEMENTS

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed in contingencies, etc

(c) Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

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

(d) Receivables

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

(e) Prepayments

Prepayments recognised under current assets comprise expenses incurred concerning subsequent financial years.

(f) Equity

(i) Dividend

Dividend proposed for the year is recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is disclosed as a separate item under equity.

(g) Income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Income tax receivable" or "Income tax payable"

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax is measured using the statement of financial position liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes or on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting neither the profit/loss for the year nor the taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised at the expected value of their utilisation, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

As management company for all the entities in the joint taxation arrangement, the parent is liable for the subsidiaries' income taxes vis-à-vis the tax authorities as the subsidiaries pay their joint taxation contributions.

Joint taxation contributions payable or receivables are recognised in the balance sheet as income tax receivable or payable.

(h) Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructuring, etc. Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are measured at net realisable value or fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period of 1-5 years. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience. Liabilities that are expected to be settled after one year after the balance sheet date are discounted at average bond yields.

(i) Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

(j) Deferred income

Deferred income, recognised under "Liabilities", comprises negative goodwill, see the description of consolidation practice above, and payments received concerning income in subsequent years.

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NOTES TO THE FINANCIAL STATEMENTS

1.4 Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year

(a) Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and income taxes paid

(b) Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and investments.

(c) Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividends to shareholders.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term to maturity of three months or less, which are subject to only minor risks of changes in value.

Cash and cash equivalents comprise cash which is subject to only insignificant risks of changes in value. Given the nature of the Group's cash pool arrangement, cash pool balances are considered cash as opposed to intercompany balances.

1.5 Segment information

Information is disclosed by activity and geographical market. Segment information follows the Company's accounting policies, risks and internal financial management.

Assets in the segment comprises the assets that are used directly in the revenue-generating activity of the segment.

Segment liabilities comprise liabilities resulting from the activities of the segment, including trade and other payables.

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NOTES TO THE FINANCIAL STATEMENTS

2. Revenue

	2019	2018
	DKK	DKK
<i>By business segment</i>		
Product sales (hardware and software)	235,105,000	192,377,000
Installation, maintenance and consulting	141,689,000	131,057,000
	<u>376,794,000</u>	<u>323,434,000</u>

The company carries out nearly all of its transactions in Denmark

3. Staff costs

	2019	2018
	DKK	DKK
Wages and salaries	77,719,000	70,974,000
Pensions	4,677,000	4,275,000
Other social security costs	478,000	393,000
Other staff costs	121,000	418,000
	<u>82,995,000</u>	<u>76,060,000</u>

	2019	2018
Average number of full-time employees	61	63
	<u>61</u>	<u>63</u>

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

4. Amortisation, depreciation and impairment losses

	2019	2018
	DKK	DKK
<i>Amortisation, depreciation and impairment losses</i>		
Property, plant and equipment	716,000	853,000
	<u>716,000</u>	<u>853,000</u>

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NOTES TO THE FINANCIAL STATEMENTS

5. Tax for the year

	2019 DKK	2018 DKK
<i>Tax for the year</i>		
Current tax charge for the year	673,000	2,051,000
Adjustment of the deferred tax charge for the year	1,000	59,000
Change in deferred tax	707,000	(692,000)
	<u>1,381,000</u>	<u>1,418,000</u>

6. Property, plant and equipment

	Fixtures and fittings, plant and equipment DKK
Cost at 31 March 2018	5,018,000
Additions	488,000
Disposals	(46,000)
Cost at 31 March 2019	<u>5,460,000</u>
Depreciation and impairment losses at 31 March 2018	(3,955,000)
Depreciation	(716,000)
Disposals	46,000
Depreciation and impairment losses at 31 March 2019	<u>(4,625,000)</u>
Carrying amount at 31 March 2019	<u>835,000</u>

7. Other Receivables

	2019 DKK	2018 DKK
Short-term part of other receivables	2,387,000	1,767,000
Long-term part of other receivables	2,983,000	4,401,000
	<u>5,370,000</u>	<u>6,168,000</u>

Other receivables consists of loan to employees and deposits for premises.

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8. Prepayments

	2019 DKK	2018 DKK
Short Term Prepayments	7,175,000	6,233,000
Long Term Prepayments	3,113,000	1,761,000
	<u>10,288,000</u>	<u>7,994,000</u>

Prepayments represents prepaid maintenance that relates to subsequent years

9. Cash and cash equivalents

	2019 DKK	2018 DKK
Cash In Bank	0	8,000,000
EMEA Intercompany Cash Pooling	144,948,000	131,832,000
	<u>144,948,000</u>	<u>139,832,000</u>

In December 2016 the Company engaged Citibank and launched a cash pooling service, in the form of a target balancing arrangement where all cash bank account balances of its subsidiaries are automatically transferred or reimbursed with the use of one master bank account held by Hitachi Vantara Nederland B.V. (formerly Hitachi Vantara Europe Holding B.V.)

In the Financial Statements, the Intercompany receivable balance from Parent Company is included in Cash.

10. Share capital

The share capital of DKK 7,000,000 consists of 700 A-share of DKK 10,000.

The share capital has remained unchanged for the past five years

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NOTES TO THE FINANCIAL STATEMENTS

11. Other provisions

	2019 DKK	2018 DKK
Warranty on products	15,600,000	18,493,000
	<u>15,600,000</u>	<u>18,493,000</u>
<i>Other provisions are expected to mature within:</i>		
0-1 year	7,919,000	8,514,000
> 1 years	7,681,000	9,979,000
	<u>15,600,000</u>	<u>18,493,000</u>

Other provisions comprise warranty commitments related to the Company's usual warranty commitment, expected maturity 0-1-year 7,918,944 DKK and 1-5 year warranty commitments 7,681,150 DKK.

12. Deferred income

Deferred income, recognised under "Liabilities" relates to maintenance and consists of payments received from customers which cannot be recognised as revenue until in the subsequent financial year.

	2019 DKK	2018 DKK
Deferred income under 1 year	63,489,000	57,727,000
Deferred income over 1 year	61,417,000	52,721,000
	<u>124,906,000</u>	<u>110,448,000</u>

13. Contractual obligations and contingencies, etc.

13.1 Operating lease liabilities

The company's contractual lease obligation in respect of rental agreement with a termination period longer than 12 months amounts to DKK 1,033 thousand. The company has provided warranties and options regarding IT equipment and upgrading to customers. Management believes that the warranties and options will not cause losses for the company.

As management company, the company is jointly taxed with other Danish group entities and is jointly and severally with other jointly group entities responsible for payment of income taxes for the income year 2014 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment.

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NOTES TO THE FINANCIAL STATEMENTS

14. Deferred tax

	2019 DKK	2018 DKK
Deferred tax at 1 April	2,820,000	2,128,000
Adjustment of the deferred tax charge	(707,000)	692,000
Deferred tax at 31 March	2,113,000	2,820,000
<i>The deferred tax charge relates to:</i>		
Property, plant and equipment	263,000	255,000
Provisions	1,832,000	2,530,000
Prepayments	0	34,000
Trade Receivables	18,000	1,000
	2,113,000	2,820,000

Deferred tax is recorded at value as expected to be utilized. The assessment takes place on the company's own earnings, but also on the basis of income from jointly taxed companies.

15. Fees paid to auditors appointed at the annual general meeting

	2019 DKK	2018 DKK
Fee for statutory audit	91,000	78,000
Other assistance	25,000	25,000
Total fee paid to Auditor	116,000	103,000

16. Related parties

Hitachi Vantara A/S related parties comprise the following

16.1 Parties exercising control

Parent Company

Hitachi Vantara Nederland B.V., Heksekamp 31, 5301LX Zaltbommel, The Netherlands.

The financial statements for Hitachi Vantara A/S are included in the consolidated financial statements of Hitachi Vantara Nederland B.V. and may be obtained from the company

Ultimate Parent Company

Hitachi Ltd. (Japan)

The consolidated financial statements for Hitachi Ltd (Japan) can be obtained from www.hitachi.com.

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NOTES TO THE FINANCIAL STATEMENTS

16.2 Related party transactions

	2019 DKK	2018 DKK
<i>Related Parties</i>		
Sales of goods, administration, etc. to related parties	4,454,000	12,107,000
Purchase of goods, administration, etc. from related parties	276,658,000	221,492,000
Dividends paid to the Parent Company	7,500,000	0
Receivables from related parties - Cash Pooling	144,948,000	131,832,000
Receivables from related parties	670,000	24,000
Payables to related parties	30,571,000	17,488,000

Besides distribution of dividend, no other transactions were carried through with shareholders in the year.

17. Proposed distribution of results

	2019 DKK	2018 DKK
Proposed dividend recognised in equity	6,000,000	7,500,000
Retained earnings	(1,278,000)	(2,904,000)
Proposed distribution of profit (loss)	4,722,000	4,596,000