Hitachi Vantara A/S

Vedbæk Strandvej 350
2950 Vedbæk
Danmark

CVR no. 87455718

Annual report 31 March 2022

Approved at the Company's annual general meeting on 24 June 2022

Chairman:

Krzysztof Kozikowski

Krzysztof Kozikowski
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COMPANY INFORMATION

Reporting Company	Hitachi Vantara A/S Vedbæk Strandvej 350 2950 Vedbæk Danmark CVR no. 87455718
Main financial institution	Citibank Europe plc, Denmark Branch Vesterbrogade 1L, 5 tv 1620 København V Danmark CVR no. 37208779
Auditor	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Fredriksberg Danmark CVR no. 30700228

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 2021 - 31 March 2022.

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 2022 and of the results of the company's operations and cash flows for the financial year 1 April 2021 - 31 March 2022.

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 the adoption of the annual report at the general meeting.

Vedbæk, 24 June 2022

Executive Board:

Marianne Groth

Marianne Groth

Board of Directors:

P. Märki

Patric Märki

Agnieszka Maleszewska

Agnieszka Maleszewska

Marco Tesini

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 – 31 March 2022, 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 2022 and of the results of the Company's operations and cash flows for the financial year 1 April – 31 March 2022 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Herning, 24 June 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jesper Stier
State Authorised
Public Accountant
mne42245

MANAGEMENT'S REVIEW

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 2022 shows a net profit of 4,912 thousand DKK and the balance sheet at 31 March 2022 shows shareholders' equity of 36,215 thousand DKK.

Revenue and Net Profit was higher than the Company's expectations as expressed in the financial statements for the year ended 31 March 2021. As a result of increased sales gross revenue for the year was higher by 10% than the revenue target of 305,345 thousand DKK included in the Annual Operating Plan for the year ended 31 March 2022.

Management considers the result for the year as satisfactory.

In the financial year 2021/2022 the Company has changed the presentation of balance sheet and cash flow positions of material value.

Cash Pool balances totaling 115,727 thousand DKK are now presented under Receivables from group enterprises, as opposed to the prior year where it was presented as cash. The comparative figures in the amount of 114,081 thousand DKK were reclassified accordingly.

In addition, the Company has reclassified intercompany payables totaling 18,045 thousand DKK which are now presented in the cash flow statement as cash flow from operating activity. In previous years the respective amount totaling 13,049 thousand DKK was presented as cash flows from financing activities.

Changes in presentation described above did not have any effect on the Company's result and equity.

At the time of managements approval of the financial statements, COVID-19 did not have a significant impact on the Danish business.

Outlook

In the financial year 1 April 2022 - 31 March 2023 the Company expects similar size of commercial activity and increase in revenue by 2%.

The Management have considered the impact of the COVID-19 pandemic to going concern. The company is fully operational, providing services to customers and generating revenues and there is currently no indication this will change in the foreseeable future. There is no material impact on suppliers delivering products or customers making orders and as such there have been no adjustments to forecasts or projections as a result. It is our view, to the best of our current knowledge, that COVID-19 will not have a material adverse impact on the company's ability to continue as a going concern.

The Company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different industries. As a consequence, Management believes that the Company is well placed to manage its business risks successfully.

Subsequent events

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

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

Key Figures (*DKK 000*)	**2021/2022**	**2020/2021**	**2019/2020**	**2018/2019**	**2017/2018**
Revenue	335,687	320,002	350,401	376,794	323,434
Gross margin	63,588	71,777	97,406	91,248	84,181
Profit/loss from ordinary activities	6,714	6,400	7,010	7,537	7,269
Profit/loss from net financials	-375	2,106	-1,763	-1,434	-1,256
Profit/loss for the year	**4,912**	**6,843**	**3,962**	**4,722**	**4,595**
Total assets	279,139	254,123	269,178	242,127	213,148
Portion relating to investments in PPE	748	176	109	488	297
Equity	36,215	37,803	34,960	36,996	39,775

Financial Ratios *(DKK 000)*	**2021/2022**	**2020/2021**	**2019/2020**	**2018/2019**	**2017/2018**
EBIT margin	2.0%	2.0%	2.0%	2.0%	2.2%
Gross margin	18.9%	22.4%	27.8%	24.2%	26.0%
Current ratio	176.3%	170.5%	159.6%	183.6%	201.6%
Return on assets	2.4%	2.5%	2.6%	3.1%	2.8%
Equity ratio	13.0%	14.9%	13.0%	15.3%	18.7%
Return on equity	13.3%	18.8%	11.0%	12.3%	12.3%

	2021/2022	**2020/2021**	**2019/2020**	**2018/2019**	**2017/2018**
Average number of employees	40	48	56	61	63

Comparative numbers have not been adjusted with regards to revenue recognition policy change.

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

EBIT margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Return on assets	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Total assets}}$
Equity ratio	$\frac{\text{Equity excl. non-controlling interests, year-end x 100}}{\text{Total Equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year excl. non-controlling interests x 100}}{\text{Average equity exc. non-controlling interests}}$

Statement of corporate responsibility, cf. §99a in the Danish FSA

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 has, based on a conducted risk assessment, concluded that the risks and its impact related to corporate social responsibility are 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.

Statement on gender composition, cf. §99b in the Danish FSA

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 committed to the development and celebration of every person and group within our company. Our employee resource group strives to be an open and welcoming community to all employees who identify as women, and their allies. We recognize the importance of inter-sectional inclusiveness and make it our mission to be a company where race, gender and age-based discrimination has no place.

Mentorship Program

The mentorship program is a tool for the members of Women of Hitachi to connect with each other, learn, and build meaningful connections.
Mentors and mentees are able to create an environment with each other where issues can be openly discussed. These constructive conversations can provide vital advice and perspective to the problems and challenges faced by women in the low-diversity tech sector.

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.
For the shareholder-elected board members a target of females was set at 33% (equivalent to 1 member). For other managers, the objective is that 33% of company managers should be a woman.

For the financial year 2021/2022 the objective has been completed: the Board consists of 33% women and 50% management positions are occupied by females.

Statement on Data Ethics

We at Hitachi Vantara believe that high ethical standards are the foundation of both a successful business and a great work environment. Customer loyalty and respect from the communities in which we operate are earned from our reputation as a fair and honest company. We have the utmost confidence in the values and ethics of our employees.

We also recognize that our complex business environment can create uncertainty about how to uphold the Company's ethical standards. For this reason Code of Ethics and Business Conduct has been established to articulate the Company's commitment to ethical business practices in a number of different areas and to help navigate potentially challenging situations.

Detailed information od Ethics and Data Privacy can be found at:
https://www.hitachivantara.com/en-us/company/legal.ethics.html
https://www.hitachivantara.com/en-us/company/legal.privacy.html

STATEMENT OF PROFIT OR LOSS

	Note	2021/2022	2020/2021
		DKK 000	DKK 000
Revenue	**2**	335,687	320,002
Other operating income		2,604	1,614
Cost of Sales		-266,716	-242,573
Other external expenses		-7,987	-7,266
Gross Margin		**63,588**	**71,777**
Staff costs	**3**	-56,454	-65,120
Amortisation, depreciation and impairment loses	**4**	-420	-257
Operating profit/loss		**6,714**	**6,400**
Finance income	**18**	0	2,440
Finance expenses		-375	-334
Profit (loss) before tax		**6,339**	**8,506**
Income tax expense	**5**	-1,427	-1,663
PROFIT (LOSS)	**19**	**4,912**	**6,843**

STATEMENT OF FINANCIAL POSITION per 31 March

ASSETS

	Note	2021/2022 DKK 000	2020/2021 DKK 000
Property, plant and equipment			
Fixtures and fittings, plant and equipment	**6**	579	251
		579	**251**
Other non-current assets			
Other receivables	**8**	4,301	3,333
Prepayments	**9**	5,168	6,936
		9,469	**10,269**
Total non-current assets		**10,048**	**10,520**
Inventories			
Finished goods and goods for resale		15,763	1,036
		15,763	**1,036**
Receivables			
Trade receivables		121,914	102,707
Work in Progress - Receivables	**7**	0	11,143
Receivables from group enterprises		115,754	114,199
Current deferred tax assets	**16**	112	451
Tax receivables		2,613	2,138
Other receivables	**8**	766	1,984
Prepayments	**9**	5,866	9,945
Contract assets		2,552	0
Costs to obtain contracts		3,751	0
		253,328	**242,567**
Cash	**10**	**0**	**0**
Total current assets		**269,091**	**243,603**
TOTAL ASSETS		**279,139**	**254,123**

STATEMENT OF FINANCIAL POSITION per 31 March

LIABILITIES AND EQUITY

	Note	2021/2022	2020/2021
		DKK 000	DKK 000
Share capital	**11**	7,000	7,000
Retained earnings		24,715	24,303
Dividend proposed for the year		4,500	6,500
Total equity		**36,215**	**37,803**
Other provisions	**12**	7,156	7,934
Deferred income	**13**	0	59,524
Contract liabilities	**13**	83,108	0
Other payables	**15**	0	6,013
Total non-current liabilities		**90,264**	**73,471**
Trade payables		3,063	2,951
Work in Progress - Payables	**7**	0	5,664
Payables to group enterprises		43,937	25,892
Other payables		31,519	35,688
Deferred income	**13**	0	72,654
Contract liabilities	**7,13**	74,141	
Total current liabilities		**152,660**	**142,849**
Total liabilities		**242,924**	**216,320**
TOTAL EQUITY AND LIABILITIES		**279,139**	**254,123**

STATEMENT OF CHANGES IN EQUITY

	Note	Contributed capital	Retained earnings	Dividend proposed for the year	Total
		DKK 000	DKK 000	DKK 000	DKK 000
Equity at 1 April 2021		**7,000**	**24,303**	**6,500**	**37,803**
Dividend Distribution		0	0	-6,500	-6,500
Appropriation of profit/loss	**19**	0	412	4,500	4,912
Equity as at 31 March 2022		**7,000**	**24,715**	**4,500**	**36,215**

CASH FLOW STATEMENT per 31 March

	Note	2021/2022	2020/2021
		DKK 000	DKK 000
Profit for the year		4,912	6,843
Amortisation/depreciation charges	**4**	420	257
Other adjustments of non-cash operating items		-778	-668
Cash generated from operations before changes in working capital		**4,554**	**6,432**
Changes in working capital		3,981	-14,123
Cash generated from operations		**8,535**	**-7,691**
Interest paid		-375	-334
Income taxes paid		-1,068	-928
Tax expense		1,427	1,663
Interest payable and similar charges		375	334
Cash flows from operating activities		**8,894**	**-6,956**
Acquisition of property, plant and equipment	**6**	-748	-176
Cash flows from investing activities		**-748**	**-176**
Loan financing:			
Incurrence of debt to group entities		0	-13,049
Shareholders:			
Dividend distribution		-6,500	-4,000
Cash flow from financing activities		**-6,500**	**-17,049**
NET CASH FLOWS		**1,646**	**-24,181**
Cash and cash equivalents, beginning of year	**10**	**114,081**	**138,262**
Cash and cash equivalents, year-end	**10**	**115,727**	**114,081**

NOTES TO FINANCIAL STATEMENT

1. ACCOUNTING POLICIES

The annual report of Hitachi Vantara A/S for 31 March 2022 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, except for revenue and certain reclassifications as described below.

The financial statements are presented in Danish kroner (DKK'000).

Material misstaments

In the financial statement for 2021/2022 Cash Pool balances totaling 115,727 thousand DKK are presented under Receivables from group enterprises, as opposed to the 2020/2021 where it was presented as cash. The comparative figures in the amount of 114,081 thousand DKK were reclassified accordingly.

In addition, the Company has reclassified intercompany payables totaling 18,045 thousand DKK which are now presented in the cash flow statement as cash flow from operating activity. In previous years the respective amount totaling 13,049 thousand DKK was presented as cash flows from financing activities. Intercompany Payables represent ordinary trade balance with other Hitachi Vantara entities and is settled within a quarter.

Changes in presentation described above did not have any effect on the Company's result and equity.

Change in accounting policy

Effective from 1 April 2021, Hitachi Vantara A/S has implemented IFRS 15 as interpretation of the revenue provisions in Danish Financial Statements Act applying the modified retrospective transition method and has therefore not restated the comparative figures, which are still presented using IAS 11 and IAS 18 as interpretation of the revenue provisions in Danish Financial Statements Act.

The decision to change the accounting policy was made to align the accounting policy to the group reporting performed in line with IFRS and have consistency to the local statutory reporting in Denmark.

The monetary effect of the policy change on 2021/2022 figures in practice represents decrease in profit before tax for the year by 148 thousand DKK. The tax for the year due to the policy change amounts to 41 thousand DKK, with no impact on deferred tax. The balance sheet total is reduced by 3,792 thousand DKK, while equity as at 31 March 2022 is reduced by 148 thousand DKK.

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 from the sale of goods and services

The Company has chosen IFRS 15 as interpretation of the Danish Financial Statements Act for revenue recognition.

The Company earns revenue from the sale of goods and services. Revenue from sale of goods is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers. The company also earns revenue from the provision of services. Revenue earned from provisioning of services is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS 15 are applied to revenue recognition criteria using the following 5 step model:
1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Performance obligations must be identified at contract inception and each performance obligation must be accounted for separately.

The Company mainly identifies the following performance obligations:
• the hardware products
• the software license
• an implementation service
• installation
• data migration
• post contract support services
• transition
• transformation

(i) Revenue from the sale of goods

Hardware products revenue is generally recognised as units are delivered or installed as specified in the contract. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery or on installation as specified in the contract. It is recognised at point in time.

Turnover from perpetual software license agreements is recognised upon shipment of the software following either receipt of an executed license agreement (or an unconditional order under an existing license agreement), if there are no significant remaining vendor obligations and the collection of receivables is probable.

(ii) 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.

Under IFRS 15, standard assurance warranty is not a performance obligation. However, any enhanced or extended service warranties outside standard product assurance warranty with additional fees is a performance obligation.

(iii) Revenue from the sale of professional services

Professional Services revenue recognition is segmented based on the timing of transfer of the service to the Customer. Therefore, the Percentage-of-Completion method of revenue recognition for Professional Services is applied.The Revenue under Percentage-of-Completion method is calculated as a percentage of costs incurred to date over the estimated total costs for the contract.

(b) Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year.

(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.

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, usefull 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

The Company has chosen IAS 17 as interpretation for lease accounting.

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.

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

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 mangagement company for all the entities in the joint taxation arrangement, the parent is liable for the subsidaries´income taxes vis-á-vis the tax authorities as the subsidaries pay their joint taxation contributions.

(h) Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructuring, etc. Provisions are recognised when the Company 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) Contract liabilities

A contract liability is recognised if a payment is received or a payment is due from a customer before the Comapny transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

(k) Contract assets

A contract asset is initially recognised for revenue earned from services because the receipt of consideration is conditional on successful completion of other performance obligations. Upon completion of the conditional performance obligation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

(l) Cost to obtain a contract

The Company pays sales commission to its employees for each contract that they obtain for bundled sales of equipment and installation services.

The Company incurs sales commission costs to obtain contracts. The incremental costs of obtaining contracts are capitalized and amortized on a straight-line basis over the expected customer relationship period if the Company expects to recover those costs.

The Company applies the optional practical expedient to immediately expense costs to obtain a contract if the amortisation period of the asset that would have been recognised is one year or less. As such, sales commissions are immediately recognised as an expense and included as part of employee benefits.

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.

Cash pool balances are considered as cash in the cash flow presentation.

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.

2. Revenue

	2021/2022	2020/2021
	DKK 000	DKK 000
By business segment		
Product sales (hardware and software)	138,832	134,514
Installation, maintenance and consulting	196,855	185,488
	335,687	**320,002**

Company's geographical market comprises Denmark.

3. Staff costs

	2021/2022	2020/2021
	DKK 000	DKK 000
Wages and salaries	51,891	59,978
Pension costs	3,955	4,709
Other social security cost	288	59
Other staff costs	320	374
	56,454	**65,120**

Wages and salaries include costs of restructuring in amount of 112 thousand DKK.

	2021/2022	2020/2021
Average number of full-time employees	**40**	**48**

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

	2021/2022	2020/2021
	DKK 000	DKK 000
Other fixtures and fittings, tools and equipment	400	219
Profit/loss on the disposals of property, plant and equipment	20	38
	420	**257**

5. Tax for the year

	2021/2022	2020/2021
	DKK 000	DKK 000
Income tax charge	1,088	596
Tax adjustment relating to previous year	0	317
Change in deferred tax	339	750
	1,427	**1,663**

As management company, the company is jointly taxated 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.

6. Property, plant and equipment

	2021/2022	2020/2021
	DKK 000	DKK 000
Balance at 1 April 2021	3,523	5,569
Additions in the year	748	176
Disposals in the year	-158	-2,222
Balance at 31 March 2022	**4,113**	**3,523**
Depreciation and write-downs at 1 April 2021	-3,272	-5,237
Depreciation in the year	-400	-219
Depreciation and write-downs of disposals and scrapped assets	138	2,184
Depreciation and write-downs at 31 March 2022	**-3,534**	**-3,272**
Carrying amount at 31 March 2022	**579**	**251**

7. Work in progress

	2021/2022	2020/2021
	DKK 000	DKK 000
Selling price of work performed	10,370	52,897
Progress billings	-13,922	-47,418
	-3,552	**5,479**
recognized as follows:		
Work in progress (assets)	0	11,143
Work in progress (liabilities)	0	-5,664
Contract liabilities on professional services	-6,104	0
Contract Assets	2,552	0
	-3,552	**5,479**

As a result of IFRS 15 introduction in 2021/2022 reclassification has been made to disclose Contract assets as a separate item in balance sheet. In 2020/2021 corresponding balance was presented under Work in Progress - Receivables in the amount of 3.3M DKK.

Similarly, amounts presented in 2020/2021 under Work in Progress - Payables are presented under Contract liabilities in 2021/2022.

8. Other receivables

	2021/2022	2020/2021
	DKK 000	DKK 000
Short term part of other receivables	766	1,984
Long term part of other receivables	4,301	3,333
	5,067	**5,317**

Other receivables consists of loans to employees, deposits for premises, consultancy work in progress and assets for warranty reimbursement.

9. Prepayments

	2021/2022	2020/2021
	DKK 000	DKK 000
Short term part of prepayments	5,866	9,945
Long term part of prepayments	5,168	6,936
	11,034	**16,881**

Prepayments represents prepaid rent and maintenance that relates to subsequent years.

10. Cash and cash equivalents

	2021/2022	2020/2021
	DKK 000	DKK 000
Cash in bank	0	0
	0	**0**

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 Statement of Financial Position Cash Pool balance is presented under Receivables from group enterprises.

11. 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.

12. Other provisions

	2021/2022	2020/2021
	DKK 000	DKK 000
Warranty on products	7,156	7,934
	7,156	**7,934**

Other provisions are expected to mature within:		
0-1 year	4,975	4,954
> 1 year	2,181	2,980
	7,156	**7,934**

Other provisions comprise of the Company's usual warranty commitment.

Part of the warranty reserve in the amount of 3,585 thousand DKK is related to Appliance products with Return To Factory warranty type. The amount corresponds to assets of the same value reflected in the balance sheet under Other non-current receivables and described in note 8.

13. Contract liabilities

	2021/2022	2021/2022
	DKK 000	DKK 000
Deferred income under 1 year	0	72,654
Work in Progress - Payables	0	5,664
Contract liabilities under 1 year	74,141	0
Deferred income over 1 year		59,524
Contract liabilities over 1 year	83,108	0
	157,249	**137,842**

Contract liabilities comprises payments received or due, that concern income to be recognized in subsequent years when performance obligations are satisfied.
As a result of IFRS 15 introduction in 2021/2022 reclassification has been made to disclose Contract liabilities. In 2020/2021 corresponding balance was presented under Work in Progress - Payables and Deferred income.

14. Contractual obligations and contingencies, etc.

Operating lease liabilities

The company’s contractual lease obligation in respect of rental agreement with 6 months notice period amounts to 716 thousand DKK.

Warranties

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.

15. Other Non-Current Payables

	2021/2022	2020/2021
	DKK 000	DKK 000
Other payables	0	6,013
	0	**6,013**

2020/2021 balance of other payables included in 'Non-current liabilities' was related to the accrued holiday allowance from 1 September 2019 to 31 August 2020 under the new Danish Holiday Act.
In the financial year 2021/2022 the Company fully settled liability to Lønmodtagernes Feriemidler.

16. Deferred tax

	2021/2022	2020/2021
	DKK 000	DKK 000
Deferred Tax at 1 April	451	1,201
Adjustment to Deferred Tax	-339	-750
Deferred Tax at 31 March	**112**	**451**
The deferred tax charge relates to:		
Tangible assets	209	229
Provisions	-98	218
Trade receivables	1	3
Prepayments	0	1
TOTAL	**112**	**451**

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.

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

	2021/2022	2020/2021
	DKK 000	DKK 000
Statutory audit	106	91
Other services	30	30
	136	**121**

18. Related Parties

18.1 Parties exercising control

Hitachi Vantara A/S related parties comprise the following:

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.*

18.2 Related party transactions

	2021/2022	**2020/2021**
	DKK 000	DKK 000
Purchase of goods, administration, ect. from related parties	274,442	232,386
Sales of goods, administration, ect. to related parties	8,555	13,915
Dividends paid to the Parent Company	6,500	4,000
Receivables from related parties - Cash Pooling	115,727	114,081
Receivables from related parties	27	118
Payables to related parties	43,937	25,892
Finance income (-) / cost (+) - Cash Pooling	196	(2,440)
Sales of services to related parties	2,604	1,614

19. Proposed distribution of results

	2021/2022	**2020/2021**
	DKK 000	DKK 000
Proposed dividend recognised in equity	4,500	6,500
Retained earnings	412	343
Proposed distribution of profit (loss)	**4,912**	**6,843**