Rödl & Partner

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Despec Nordic Holding A/S

Vassingerødvej 25
3540 Lynge

CVR no. 27 98 30 81

Annual report for 2020

Adopted at the annual general meeting on 28 June 2021

Michael S. Voll
chairman

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Despec Nordic Holding A/S for the financial year 1. januar - 31. december 2020.

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

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the company and the group financial position at 31. december 2020 and of the results of the group and the company operations and consolidated cash flows for the financial year 1. januar - 31. december 2020.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Lynge, 28 June 2021

Executive board

Michael Sterlet Voll
Director

Supervisory board

Michael Thomas Mitlacher Chairman	Volker Rainer Mitlacher	Michael Sterlet Voll

Independent auditor's report

To the shareholder of Despec Nordic Holding A/S

Auditors' Report on the Consolidated Financial Statements and the Financial Statements

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Despec Nordic Holding A/S for the financial year 1. januar - 31. december 2020, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for both the group and the parent company as well as consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group and the parent company's financial position at 31. december 2020 and of the results of the group and the parent company's operations and consolidated cash flows for the financial year 1. januar - 31. december 2020 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 consolidated financial statements and parent company " section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 the consolidated financial statements and the parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent 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 consolidated financial statements and parent company financial statements unless management either intends to liquidate the group or the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 the 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 these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and the 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 consolidated financial statements and parent company 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 group's and the parent 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 consolidated financial statements and parent company 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 group's and the parent 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 consolidated financial statements and parent company 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 group and the company to cease to continue as a going concern.

Independent auditor's report

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

- Obtain sufficient and appropriate audit evidence regarding the financial information for the group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the group. We alone are responsible for our audit opinion.

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 management's review

Management is responsible for management's review.

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

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

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

Based on the work we have performed, we conclude that management's review is in accordance with the consolidated financial statements and parent company 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 management's review.

Independent auditor's report

Report on other legal and regulatory requirements

VAT-law

With reference to note 15 to the consolidated financial statements and the parent company financial statements, there is an unresolved matter regarding credit notes which the subsidiary Despec Denmark A/S received from a supplier from the period 2013-2016, which according to Management are issued incorrectly and has been rejected.

There is a risk however that Management can be held liable for the matter with reference to the VAT-regulation. Despec Denmark has contacted the tax authorities after the balance sheet date for the purpose of clarifying the matter.

Copenhagen, 28 June 2021

Rödl & Partner Danmark
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Gitte Henckel
Statsautoriseret Revisor
MNE no. mne32734

Claus D. Bishaw-Witt
Statsautoriseret Revisor
MNE no. mne10028

Company details

Despec Nordic Holding A/S
Vassingerødvej 25
3540 Lynge

Website:	www.despec.dk
E-mail:	info@despec.dk
CVR-no.	27 98 30 81
Financial year:	1. januar - 31. december 2020
Incorporated:	29. July 2004
Domicile:	Allerrød

Supervisory Board
Michael Thomas Mitlacher, Chairman
Volker Rainer Mitlacher
Michael Sterlet Voll

Executive Board
Michael Sterlet Voll, Director

Auditors
Rödl & Partner Danmark
Godkendt revisionsaktieselskab
Store Kongensgade 40H, 2.
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Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	Group				
	2020	2019	2018	2017	2016
	TEUR	TEUR	TEUR	TEUR	TEUR
Key figures					
Revenue	157.003	135.069	138.152	153.163	165.590
Gross profit	12.004	9.783	10.721	13.078	15.163
Profit/loss before net financials	2.984	644	703	25	1.997
Net financials	-43	-75	-100	160	-276
Profit/loss for the year	2.325	443	460	-126	1.614
Balance sheet total	48.825	41.450	33.808	36.995	38.411
Investment in property, plant and equipment	75	6.674	12	186	378
Equity	15.312	12.981	12.609	12.147	13.463
Number of employees	133	128	136	156	161
Financial ratios					
Gross margin	7,6%	7,2%	7,8%	8,5%	9,2%
Return on assets	6,6%	1,7%	2,0%	0,1%	10,4%
Solvency ratio	31,4%	31,3%	37,3%	32,8%	35,0%
Return on equity	16,4%	3,5%	3,7%	-1,0%	24,0%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies..

Management's review

Principal activities of the Group

Despec Nordic Holding A/S' activities comprises trade and distribution of office and it-supplies to the whole-sale segment in the Nordic market.

The activities in Iceland are carried out through a branch owned by Despec Denmark A/S.

Despec Nordic Holding A/S is the parent company for the following subsidiaries:

Despec Denmark A/S
Despec Sweden AB
Despec Norway AS
Despec Finland Oy
AB Thure Bünger

Devlopment in activities and financial matters

The group has experienced a positive Covid19 effect with a higher demand for our products, resulting in a turnover rise of 16,2% compared to last year. 2020 has shown a positive development in several product categories, Despec achieved an increase in net revenue of 15.8% compared to last year.

The group now benefits from the cost reduction and efficiency projects over recent years. The group has been able to maintain the cost level despite the substantial rise in turnover for 2020.

Outlook

Management expects that Despec with the continuous strong support from Systeam will be able to gain further advantage of new market opportunities in the Nordic region over the coming years, and that the group will continue to be one of the most attractive business partners in the industry with efficient and reliable customized logistics solutions.

During the financial year, the company has been positively affected by Covid19, as the establishment of the many home workplaces led to an increasing demand for the company's products. As a result of Covid19, the company expects continued high demand for our products, although not quite at the same high level as in 2020.

General risks

The general operating risks for the Despec Nordic Holding Group comprises the competition parameters price, mix of products and delivery time. All parameters are optimized on an ongoing basis, based on marked development, the demand from customers and actions from the competitors.

Management's review

Currency risks

The group invoices customers in DKK, ISK, SEK, NOK and EUR. Purchases are essentially carried out in EUR. Currency risks in SEK and NOK are largely secured through derivatives. Due to the international suspension of ISK as a trading currency, the exchange rate for ISK is based on the Icelandic national bank, Sedlabankis, official exchange rate.

Credit risks

Credit risks relates to trade receivables. According to the Groups credit policy all customers are being credit rated and if possible insured through an external insurance company.

Corporate responsibility

Despec Nordic Holding A/S (Despec) is a company with subsidiaries in five countries, Denmark, Sweden, Norway, Finland and Iceland. Despec focuses on wholesale of IT and office supplies from various suppliers, which Despec re-sells to customers on the Nordic market. Despec operates from three warehouses, in Lynge, Denmark, in Stockholm, Sweden and in Reykjavik Iceland, respectively, and holds sales offices in each of the five Nordic countries. The group consists of 133 employees.

Despec purchases IT, office supplies etc. from various suppliers, including e.g. HP, Canon, Samsung, Xerox, Ricoh, Panasonic, Toshiba etc. In the production of such products, the most material sustainability issues are in most cases related to social conditions at the factories as well as causing harm to the environment, when abolishing waste. After the production of the products, Despec purchases the products, which are then transported from the manufactures to Despec' warehouses. In this step of the value chain, the main sustainability risks are related to causing harm to the environment from transporting the products, risk of corruption in terms of facilitation payments and the risk of poor social conditions for transporters.

When the products arrive at the warehouses, the group sells the products to customers in the Nordic countries. The group has no production, neither is it responsible for maintenance of the products. At the group's warehouses the most material sustainability issues includes handling of electronic equipment and hazardous waste as well as the employees wellbeing and safe working environment. When products are sold to customers, some of the most material sustainability issues are related to the risk of causing harm to the environment through the end-use of the products and the handling of the products after use.

Management's review

Environment and climate

The group's climate and environmental policy is to reduce the group's carbon footprint and handle resources with care for the environment. The group has identified several environmental and climate risks with regards to its supply chain, its own business and the end-use of its products. To start with, the group has focused on reducing its own carbon footprint by reducing energy consumption in its own buildings and better handle waste, in particular electronic waste.

The group work constantly to reduce the energy consumption in the warehouses in Lynge and Stockholm, and work also constantly on reducing the use of packaging material. This has resulted in a lower energy consumption over the recent years.

The most material environmental risk is assessed to be related to electronic waste. Like previous years the group has in 2020 focused on waste being handled responsibly and recycled to the extent possible. The group is a member of Elretur, which is a private association of manufactures and distributors in charge of collecting and handling electronic waste in Denmark and El-Kretsen, which is a Swedish system designed to ensure an efficient and co-friendly handling of electronics and batteries in Sweden. In 2020, all the groups electronic waste was handled by Elretur in Denmark and El-Kretsen in Sweden.

Social and labour conditions

The group values its employees and works to create and sustain a friendly work environment for its employees. There are, however, risks of employees resigning, employees experiencing stress, or physical attrition of employees carrying heavy equipment in the process of receiving the products from the manufactures and transporting the products to the customers. In order to reduce the risk of employees resigning, the group is committed to creating a productive work environment, which allows employees to engage in challenging tasks and at the same time have a reasonable work-life balance. The group carries out employee development interviews each year, and follows up on issues discussed in the interviews afterwards. In 2020, the group performed interviews with all employees.

Human rights and supply chain

The group is committed to minimize the risks of violating human rights. The main human rights risks are at this stage assessed to be related to the supply chain of the group and the risk of violating the right to privacy by storing private personal customer information. To minimize the risk of violating human rights, the issue is part of the consideration when entering new cooperation agreements. Sensitive personal data is handled with utmost caution, and we have not become aware of any violation of our data protection policies.

Management's review

Business ethics and anti corruption

In the group, we are committed to business ethics and fair business practices. The group has assessed the main risks related to corruption and business ethics to be related to our supply chain as well as gifts and entertainment in our own business. As a start, Despec is addressing the risk related to gifts and entertainment within its own group. The group has a policy to neither give nor accept gifts or entertainment that could influence business decisions.

An employee handbook including a gift policy, has been distributed to all staff in Denmark, Sweden and Norway. A similar employee handbook is under preparation and is intended to be distributed to all staff in Finland (4) and Iceland (3).

Statement of the company's diversity policies

Diversity

The Board of Directors for Despec Nordic Holding A/S consists of three men and nil women. The intention is to have one woman in the Board of Directors no later than 2025 - the intention has not been reached yet. There has been no election of new members to the Board of Directors since the new board was established in January 2020 as a consequence of new owners of Despec Nordic Holding A/S.

Despec Nordic Holding A/S has less than 50 employees and have assessed no importance of drawing a policy for gender composition for other management levels in accordance with Article 139a part 6 in The Danish Companies Act.

In order to minimize the risk of human rights violations, the point is part of the consideration when the group concludes agreements with partners. In addition, the group continuously focuses on securing the protection of sensitive data, and the group has initiated a review of the area to ensure that the group's protection of sensitive data is optimal.

Operating review for the parent company

Parent company

The parent company’s revenue amounted to 0 tEUR in 2020 (2019: 0 tEUR). The parent company’s profit after tax amounted to 2,325 tEUR in 2019 (2019: 443 tEUR).

The parent company’s equity amounted to 15,312 tEUR per 31 December 2020 (31 December 2019: 12,981 tEUR).

Besides the above mentioned, no other issues regarding the parent company are relevant which are not mentioned in the operating review for the Group.

Accounting policies

The annual report of Despec Nordic Holding A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large-sized enterprises of reporting class C, as well as provisions applying to reporting class C entities.

The accounting policies are identical for both the parent company financial statements and the consolidated financial statements.

The accounting policies applied are consistent with those of last year.

The annual report for 2020 is presented in TEUR

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the group's and the parent company's and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the group's and the parent company's and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Consolidated financial statements

The consolidated financial statements comprise the parent company Moder and subsidiaries in which the parent company, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, cf. the group chart.

Accounting policies

The consolidated financial statements are prepared as a consolidation of the parent company's and subsidiaries' financial statements by aggregating uniform accounting items. On consolidation, intra-group income and expenses, holdings of shares, intra-group balances and dividends as well as realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date at which control is obtained. Entities sold during the year are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under ‘Equity’.

Derivative financial instruments

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Changes in the fair value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries or associates are recognised directly in equity.

Income statement

Segment information

It is the assessment of the Management that the groups markets do not differ from each other despite their geographical location. Based on this, and in accordance with the Danish Financial Statements Act § 96, no segment information is disclosed.

Accounting policies

Revenue

Income from the sale of goods for resale is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.
Revenue is measured at the fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Cost of goods sold

Cost of goods sold comprises direct cost of goods sold, shipping costs and received discounts from suppliers.

Other operating income

Other operating income comprises items secondary to the activities of the enterprises, including intercompany fees.

Other external costs

Other external costs comprise costs such as rent, office expenses, external counselling and similar.

Staff costs

Staff costs include salaries and wages, including holiday pay and pensions as well as other costs for social security, etc. to the employees. Remuneration received from public authorities is deducted from staff costs.

Depreciation

Depreciations include the year’s depreciation and amortisation of intangible and tangible assets.

Financial income and expenses

Financial income and expenses comprise interest income and expense, 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.

Income from investments in subsidiaries

The proportionate share of the profit/loss for the year of subsidiaries is recognised in the parent company's income statement after full elimination of intra-group profits/losses.

Accounting policies

Tax on profit/loss for the year

Despec Nordic Holding A/S is covered by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

Despec Nordic Holding A/S is the administrative company for the joint taxation in 2020 and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year – including changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 10 years.

Software and licenses

Software are measured at cost and amortised on a straight line basis over 3 years based on its estimated life cycle.

Licenses are measured at cost and amortised on a straight line basis over the license period with a maximum of 8 years.

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

Accounting policies

Tangible assets

Property, IT-hardware, fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

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.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Property	10-50 years	39 %
IT-hardware	3-5 years	0 %
Fixtures and fittings, tools and equipment	3 years	0 %
Leasehold improvements	3 years	0 %

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

Leases

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 obligation relating to operating leases and other leases is disclosed in contingencies, etc.

Investments in subsidiaries, associates and participating interests

Investments in subsidiaries are measured in the parent company financial statements using the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Accounting policies

Goodwill on consolidation is amortised over the expected useful economic life based on management's experience from each individual business segment. Goodwill on consolidation is amortised on a straight-line basis over the amortisation period, which is 5-20 years. The amortisation period is fixed based on the assessment that the strategically acquired entities have a strong market position and a long-term earnings profile.

Investments in subsidiaries and associates with negative net asset values are measured at 0 EUR, and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries and associates is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost.

Inventories

Stocks are measured at cost using the weighted average method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

Goods for resale 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.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost.

Accounting policies

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made based on an individual assessment.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's and the Group's credit risk management policy. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method. The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under Equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Accounting policies

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value 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.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

Liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the group's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the group's cash and cash equivalents at the beginning and at the end of the year.

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are stated as the group's profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes. Dividend income from investments is recognised under ‘Interest income and dividend received’.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities as well as intangible assets, property, plant and equipment and investments.

Accounting policies

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial highlights

Definitions of financial ratios.

Gross margin ratio $$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

Return on assets $$\frac{\text{Profit/loss before financials x 100}}{\text{Average assets}}$$

Equity ratio $$\frac{\text{Equity at year-end x 100}}{\text{Total assets at year-end}}$$

Return on equity $$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2020	2019	2020	2019
		TEUR	TEUR	TEUR	TEUR
Revenue	1	**157.003**	**135.069**	**0**	**0**
Other operating income		0	0	161	138
Cost of goods sold		-141.680	-121.832	0	0
Other external costs		-3.319	-3.454	-220	-170
Gross profit		**12.004**	**9.783**	**-59**	**-32**
Staff costs	2	-8.627	-8.581	0	0
Profit/loss before amortisation/depreciation and impairment losses		**3.377**	**1.202**	**-59**	**-32**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-393	-558	0	0
Profit/loss before net financials		**2.984**	**644**	**-59**	**-32**
Income from investments in subsidiares		0	0	2.391	483
Financial income	4	465	525	136	219
Financial costs	5	-508	-600	-162	-240
Profit/loss before tax		**2.941**	**569**	**2.306**	**430**
Tax on profit/loss for the year	6	-616	-126	19	13
Profit/loss for the year		**2.325**	**443**	**2.325**	**443**
Distribution of profit	7				

Balance sheet 31 December

	Note	Group 2020	Group 2019	Parent company 2020	Parent company 2019
		TEUR	TEUR	TEUR	TEUR
Assets					
Licenses		0	18	0	0
Goodwill		304	379	0	0
Software		5	0	0	0
Intangible assets	8	**309**	**397**	**0**	**0**
Land and buildings		6.282	6.416	0	0
Plant and machinery		0	35	0	0
Other fixtures and fittings, tools and equipment		145	196	0	0
Tangible assets	9	**6.427**	**6.647**	**0**	**0**
Investments in subsidiaries	10	0	0	18.947	16.550
Fixed asset investments		**0**	**0**	**18.947**	**16.550**
Total non-current assets		**6.736**	**7.044**	**18.947**	**16.550**
Goods for resale		15.565	14.083	0	0
Stocks		**15.565**	**14.083**	**0**	**0**
Trade receivables		24.265	18.055	0	0
Receivables from subsidiaries		0	0	3.458	6.085
Other receivables		1.026	969	4	0
Deferred tax asset	12	143	154	0	0
Corporation tax		7	159	19	71
Prepayments		747	856	70	77
Receivables		**26.188**	**20.193**	**3.551**	**6.233**
Cash at bank and in hand		**336**	**130**	**0**	**0**
Total current assets		**42.089**	**34.406**	**3.551**	**6.233**
Total assets		**48.825**	**41.450**	**22.498**	**22.783**

Balance sheet 31 December

	Note	Group 2020	Group 2019	Parent company 2020	Parent company 2019
		TEUR	TEUR	TEUR	TEUR
Equity and liabilities					
Share capital		796	796	796	796
Reserve for net revaluation under the equity method		0	0	9.009	6.837
Retained earnings		14.516	12.185	5.507	5.348
Equity	11	**15.312**	**12.981**	**15.312**	**12.981**
Provision for deferred tax	12	433	506	0	0
Total provisions		**433**	**506**	**0**	**0**
Payables to parent company		5.390	5.830	0	0
Total non-current liabilities	13	**5.390**	**5.830**	**0**	**0**
Short-term part of long-term debet	13	7.190	440	6.750	0
Banks		126	9.787	126	9.787
Trade payables		9.484	3.553	21	0
Payables to parent company		475	271	265	0
Corporate tax		411	74	0	0
Other payables		10.004	8.008	24	15
Total current liabilities		**27.690**	**22.133**	**7.186**	**9.802**
Total liabilities		**33.080**	**27.963**	**7.186**	**9.802**
Total equity and liabilities		**48.825**	**41.450**	**22.498**	**22.783**

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Statement of changes in equity

Group

	Share capital	Retained earnings	Total
Equity at 1 January 2020	796	12.185	12.981
Exchange adjustment, foreign	0	30	30
Fair value adjustment of hedging instruments	0	-24	-24
Net profit/loss for the year	0	2.325	2.325
Equity at 31 December 2020	**796**	**14.516**	**15.312**

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 January 2020	796	6.355	5.830	12.981
Exchange adjustment, foreign	0	30	0	30
Fair value adjustment of hedging instruments	0	-24	0	-24
Net profit/loss for the year	0	2.648	-323	2.325
Equity at 31 December 2020	**796**	**9.009**	**5.507**	**15.312**

Cash flow statement 1 January - 31 December

	Note	Group 2020 TEUR	Group 2019 TEUR
Net profit/loss for the year		2.325	443
Adjustments	20	1.071	679
Change in working capital	21	391	-2.903
Cash flows from operating activities before financial income and expenses		**3.787**	**-1.781**
Financial income		465	525
Financial expenses		-506	-600
Cash flows from ordinary activities		**3.746**	**-1.856**
Corporation tax paid		-214	-194
Cash flows from operating activities		**3.532**	**-2.050**
Purchase of intangible assets		0	-3
Purchase of property, plant and equipment		-75	-6.674
Sale of property, plant and equipment		0	19
Cash flows from investing activities		**-75**	**-6.658**
Change in bank loans and overdrafts		-10.001	2.112
Raising of loans from parent company		6.750	6.600
Cash flows from financing activities		**-3.251**	**8.712**
Change in cash and cash equivalents		**206**	**4**
Cash and cash equivalents		130	127
Cash and cash equivalents		**336**	**131**
Analysis of cash and cash equivalents:			
Cash at bank and in hand		336	131
Cash and cash equivalents		**336**	**131**

Notes

1 Information on segments

It is the assessment of the Management that the groups markets do not differ from each other despite their geographical location. Based on this, and in accordance with the Danish Financial Statements Act § 96, no segment information is disclosed.

	Group		Parent company	
	2020	2019	2020	2019
	TEUR	TEUR	TEUR	TEUR
2 Staff costs				
Wages and salaries	6.925	6.842	0	0
Pensions	647	656	0	0
Other social security costs	883	962	0	0
Other staff costs	172	121	0	0
	8.627	**8.581**	**0**	**0**
Average number of employees	133	128	0	0

According to section 98 B(3) of the Danish Financial Statements Act, renumeration to the executive board has not been disclosed.

Notes

		Group		Parent company	
		2020	2019	2020	2019
		TEUR	TEUR	TEUR	TEUR
3	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**				
	Depreciation intangible assets	163	253	0	0
	Depreciation tangible assets	230	305	0	0
		393	**558**	**0**	**0**
	which breaks down as follows:				
	Software	88	178	0	0
	Goodwill	75	75	0	0
	Other fixtures and fittings, tools and equipment	230	305	0	0
		393	**558**	**0**	**0**
4	**Financial income**				
	Interest received from subsidiaries	0	0	136	219
	Other financial income	465	525	0	0
		465	**525**	**136**	**219**
5	**Financial costs**				
	Interest paid to parent company	97	59	26	39
	Other financial costs	402	538	128	198
	Exchange loss	9	3	8	3
		508	**600**	**162**	**240**

Notes

		Group		Parent company	
		2020	2019	2020	2019
		TEUR	TEUR	TEUR	TEUR
6	**Tax on profit/loss for the year**				
	Current tax for the year	699	264	-19	-12
	Deferred tax for the year	-83	-139	0	0
	Adjustment of tax concerning previous years	0	1	0	-1
		616	**126**	**-19**	**-13**

		Group		Parent company	
		2020	2019	2020	2019
7	**Distribution of profit**				
	Proposed distribution of profit				
	Reserve for net revaluation under the equity method	0	0	2.648	482
	Retained earnings	2.325	443	-323	-39
		2.325	**443**	**2.325**	**443**

8 Intangible assets

Group

	Licenses	Goodwill	Software	Total
Cost at 1 January 2020	650	2.103	986	3.739
Cost at 31 December 2020	650	2.103	986	3.739
Impairment losses and amortisation at 1 January 2020	650	1.724	968	3.342
Depreciation for the year	0	75	13	88
Impairment losses and amortisation at 31 December 2020	650	1.799	981	3.430
Carrying amount at 31 December 2020	**0**	**304**	**5**	**309**
Depreciated over	1-8 years	10 years	3 years	

Notes

9 Tangible assets

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2020	6.563	1.145	919	8.627
Additions for the year	40	0	35	75
Cost at 31 December 2020	6.603	1.145	954	8.702
Impairment losses and depreciation at 1 January 2020	147	1.110	723	1.980
Exchange adjustment	-25	0	15	-10
Depreciation for the year	199	35	71	305
Impairment losses and depreciation at 31 December 2020	321	1.145	809	2.275
Carrying amount at 31 December 2020	**6.282**	**0**	**145**	**6.427**
Depreciated over	10-50 years	3-5 years	3 years	

Notes

	Parent company	
	2020	2019
	TEUR	TEUR
10 Investments in subsidiaries		
Cost at 1 January 2020	9.939	10.195
Cost at 31 December 2020	9.939	10.195
Revaluations at 1 January 2020	6.355	5.943
Profit for the year	2.728	483
Depreciation of goodwill	-75	-71
Revaluations at 31 December 2020	9.008	6.355
Carrying amount at 31 December 2020	**18.947**	**16.550**

Group
Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Despec Denmark A/S	Allerød, Denmark	100%
Despec Sweden AB	Stockholm, Sweden	100%
Despec Norway AS	Sem, Norway	100%
Despec Finland Oy	Espoo, Finland	100%
AB Thure Bünger	Stockholm, Sweden	100%

11 Equity

The share capital consists of 7.960 shares of a nominal value of TEUR 100. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Notes

	Group		Parent company	
	2020	2019	2020	2019
	TEUR	TEUR	TEUR	TEUR
12 Provision for deferred tax				
Provision for deferred tax at 1 January 2020	506	629	0	0
Deferred tax recognised in income statement	-89	-113	0	0
Provisions for deferred tax through net exchange differences for foreign companys	16	-10	0	0
Provision for deferred tax at 31 December 2020	**433**	**506**	**0**	**0**
Transferred to deferred tax asset	433	154	0	0
	433	**506**	**0**	**0**
Deferred tax asset				
Calculated tax asset	143	154	0	0
Carrying amount	**143**	**154**	**0**	**0**

Notes

13 Long term debt

Group	Debt at 1 January 2020	Debt at 31 December 2020	Instalment next year	Debt outstanding after 5 years
Payables to parent company	6.270	5.390	7.190	0
	6.270	**5.390**	**7.190**	**0**

Parent Company	Debt at 1 January 2020	Debt at 31 December 2020	Instalment next year	Debt outstanding after 5 years
Payables to parent company	0	0	6.750	0
	0	**0**	**6.750**	**0**

	Group		Parent company	
	2020	2019	2020	2019
	TEUR	TEUR	TEUR	TEUR
14 Rent and lease liabilities				
Operating lease liabilities. Total future lease payments:				
Within 1 year	3.916	1.174	0	0
Between 1 and 5 years	168	129	0	0
	4.084	**1.303**	**0**	**0**

15 Contingent liabilities

Recourse and non-recourse guarantee commitments

Other contingent liabilities
Despec Denmark A/S has an unresolved matter regarding credit notes received from a supplier for the period 2013-2016, which according to Management are issued incorrectly and has been rejected. Management has been informed that the matter might lead to a risk of a so-called "double- claim" from the danish tax authorities due to missing repayment. The potential claim from the danish tax authorities can currently not be quantified, but the amount could be material. Despec Denmark A/S has contacted the danish tax authorities after the balance sheet date for the purpose of clarifying the matter.

Notes

16 Mortgages and collateral

As guarantee for the Groups cash pool in the parent company the parent has provided the following collaterals:

-Floating charge of EUR 1,008 thousand in Despec Denmark A/S
-Floating charge of EUR 1,173 thousand in Despec Sweden A/S
-Floating charge of EUR 2,655 thousand in Despec Norway A/S
-Floating charge of EUR 1,641 thousand in AB Thure Bünger
-Surety ship from all subsidiaries

17 Financial instruments

The Group uses hedging instruments such as forward exchange contracts on non-recognized transactions. The Group uses forward exchange contracts to hedge expected currency risks relating to sale in SEK and NOK.

The contractual value amounts to EUR 5.3 thousand at 31 December 2020 (2019: EUR 9.0 thousand).

At 31 December 2020(2019: a loss of EUR 78 thousand) a loss of EUR 96 thousand is recognized in equity.

The amount is expected to be realized after the balance sheet date.

18 Related parties and ownership structure

Despec Nordic Holding A/S' related parties comprise the following:

Ownership structure

According to the company's register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

Systeam AG, Industristrasse 8, 96250 Ebensfeld, Germany

	Group		Parent company	
	2020	2019	2020	2019
	TEUR	TEUR	TEUR	TEUR
19 Fee to auditors appointed at the general meeting				
Rödl & Partner Danmark:				
Audit fee	71	83	15	19
Non-audit services	110	5	29	0
	181	**88**	**44**	**19**

Notes

		Group	
		2020	2019
		TEUR	TEUR
20	**Cash flow statement - adjustments**		
	Financial income	-465	-525
	Financial costs	508	600
	Depreciation, amortisation and impairment losses, including losses and gains on sales	393	558
	Tax on profit/loss for the year	616	126
	Other adjustments	19	-80
		1.071	**679**

		2020	2019
21	**Cash flow statement - change in working capital**		
	Change in inventories	-1.482	107
	Change in receivables	-6.159	-1.690
	Change in trade payables, etc.	8.032	-1.320
		391	**-2.903**