Rödl & Partner

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Despec Nordic Holding A/S

Vassingerødvej 25
3540 Lynge

CVR no. 27 98 30 81

Annual report for 2021

Adopted at the annual general meeting on 27 June 2022

Michael S. Voll
chairman

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Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of Despec Nordic Holding A/S for the financial year 1. januar - 31. december 2021.

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 2021 and of the results of the group and the company operations and consolidated cash flows for the financial year 1. januar - 31. december 2021.

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, 27 June 2022

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

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 2021, 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 2021 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 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 and IESBA Code. 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.

Copenhagen, 27 June 2022

Rödl & Partner Danmark
Godkendt revisionsaktieselskab
CVR no. 39 18 86 78

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 2021
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.
1264 København K

General meeting

The annual general meeting is held at the Company's adress on 27 June 2022.

Financial highlights

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

	Group				
	2021	2020	2019	2018	2017
	TEUR	TEUR	TEUR	TEUR	TEUR
Key figures					
Revenue	171.951	157.003	135.069	138.152	153.163
Gross profit	12.917	12.004	9.783	10.721	13.078
Profit/loss before net financials	2.914	2.984	644	703	25
Net financials	-239	-43	-75	-100	160
Profit/loss for the year	2.112	2.325	443	460	-126
Balance sheet total	51.462	48.825	41.450	33.808	36.995
Investment in property, plant and equipment	178	75	6.674	12	186
Equity	17.453	15.312	12.981	12.609	12.147
Number of employees	144	133	128	136	156
Financial ratios					
Gross margin	7,5%	7,6%	7,2%	7,8%	8,5%
Return on assets	5,8%	6,6%	1,7%	2,0%	0,1%
Solvency ratio	33,9%	31,4%	31,3%	37,3%	32,8%
Return on equity	12,9%	16,4%	3,5%	3,7%	-1,0%

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

Business review

Despec Nordic Holding A/S’ activities comprises trade and distribution of office and it supplies to the wholesale 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

Financial review

Through 2021, the group experienced a continued positive effect of the pandemic on the demand for the group'sproducts, which resulted in an increase in revenue of 9.52% compared to 2020.

Focus on availability in product range combined with a continued development towards more authorized and structured distribution contributed significantly to the year's progress in revenue. With the general development in the market and a positive development in several of the group's product categories in mind, there are clear signs that the group continues to strengthen its market position.

In 2021 the profit after tax was realized with 2.112 tEUR compared to 2.325 tEUR in 2020. The profit was affected by amortization of 304 tEUR in 2021 in the Parent company.

Significant events occurring after the end of the financial year

At the beginning of 2022, the parent company Despec Nordic Holding A/S will be merged with the German parent company Systeam AG with Systeam AG as the continuing company.

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, Sedlabanki, 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 distributes towards the reseller 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 144 employees.

Despec purchases IT products and office supplies etc. from various manufactures, including HP, Canon, Epson, Brother, Samsung, Xerox, Ricoh, 3M, Artline, Pilot, Tombow and many more. 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 then resells the products to computer and officeproducts dealers 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 wellbeing of all employees 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 2021 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 2021, 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 2021, 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 (4).

Statement of the company's diversity policies

Diversity

The Board of Directors for Despec Nordic Holding A/S consists of three men. 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.

As Despec Nordic Holding A/S has no employees, no policy for gender composition has been drawn up.

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

Description of the methods and measurement base according to which the company has prepared supplementary reports

The parent company’s revenue amounted to 0 tEUR in 2021 (2020: 0 tEUR). The parent company’s profit after tax amounted to 2,112 tEUR in 2021 (2020: 2,325 tEUR).

The parent company’s equity amounted to 17,453 tEUR per 31 December 2021 (31 December 2020: 15,312 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 2021 has been prepared in accordance with the provisions ofthe Danish Financial Statements Act applying to large-sized enterprises of reporting class C.

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 2021 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 parentcompany, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest.
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

Accounting policies

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'.

Income statement

Segment information

Information is provided on business segments and geographic markets. The segment information follows thecompany'saccounting policies, risks and internal financial management.

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

Accounting policies

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 andtransactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surchargesand 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 incomestatement after full elimination of intra-group profits/losses.

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 Danishsubsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in theconsolidation 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 2021 and consequently settles allcorporation tax payments with the tax authorities

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxedcompanies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive jointtaxation 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 theyear – including changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in theincome statement, and the tax expense relating to amounts directly recognised in equity is recognised directly inequity.

Accounting policies

Balance sheet

Intangible assets

Goodwill

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

Software

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

Tangible assets

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

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

Where individual components of an item of property, plant and equipment have different useful lives, they areaccounted 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
Land and buildings	10-50 years	39 %
Other Fixtures and fittings, tools and equipment	3 years	0 %

Gains and losses on the disposal of property, plant and equipment are determined as the difference between theselling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in theincome 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 inthe income statement over the term of the lease. The Company's total obligation relating to operating leases and otherleases is disclosed in contingencies, etc.

Accounting policies

Investments in subsidiaries

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 inaccordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus orminus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

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

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

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation in equity under theequity 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 necessaryto make the sale and is determined taking into account marketability, obsolescence and development in expectedselling price.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries issubject 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 beimpaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Accounting policies

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use isdetermined as the present value of the expected net cash flows from the use of the asset or the group of assets andexpected 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.

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

Receivables with no objective indication of individual impairment are assessed for objective indication ofimpairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit ratingin accordance with the Company's and the Group's credit risk management policy. The objective indicators used inrelation 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 theexpected cash flows, including the realisable value of any collateral received. The effective interest rate for theindividual receivable or portfolio is used as discount rate.

Special items

Special items comprise significant income and expenses that are special in relation to the company's normaloperations, includinge write-downs of goodwill e.g.

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 revaluationaccording to the equity method. The reserve may be eliminated in case of losses, realisation of investments or achange in accounting estimates. The reserve cannot be recognised at a negative amount.

Accounting policies

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 theyear, adjusted for tax on the taxable income of prior years and for tax paid on account.

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 carryingamount 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 theirutilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the samelegal tax entity and jurisdiction.

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

Liabilities

Liabilities are measured at net realisable value.

Derivative financial instruments

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedgeof 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 inthe income statement on a regular basis.

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

Accounting policies

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 cashequivalents 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 investingactivities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cashflows 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-cashoperating items, changes in working capital and paid income taxes. Dividend income from investments is recognisedunder ‘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 aswell as intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

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

Cash and cash equivalents

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

Accounting policies

Financial highlights

Definitions of financial ratios.

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

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

Solvency ratio $= \dfrac{\text{Equity, end of year x 100}}{\text{Total assets at year-end}}$

Return on equity $= \dfrac{\text{Profit/loss from ordinary operations after tax x 100}}{\text{Average equity}}$

Income statement 1 January - 31 December

		Group		Parent company	
	Note	2021	2020	2021	2020
		TEUR	TEUR	TEUR	TEUR
Revenue	1	**171.951**	**157.003**	**0**	**0**
Other operating income	4	0	0	178	161
Cost of goods sold		-155.398	-141.680	0	0
Other external costs		-3.636	-3.319	-167	-220
Gross profit		**12.917**	**12.004**	**11**	**-59**
Staff costs	2	-9.434	-8.627	0	0
Profit/loss before amortisation/depreciation and impairment losses		**3.483**	**3.377**	**11**	**-59**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-569	-393	0	0
Profit/loss before net financials		**2.914**	**2.984**	**11**	**-59**
Income from investments in subsidiares		0	0	2.067	2.391
Financial income	5	258	465	218	136
Financial costs	6	-497	-508	-171	-162
Profit/loss before tax		**2.675**	**2.941**	**2.125**	**2.306**
Tax on profit/loss for the year	7	-563	-616	-13	19
Profit/loss for the year		**2.112**	**2.325**	**2.112**	**2.325**
Distribution of profit	8				

Balance sheet 31 December

	Note	Group 2021	Group 2020	Parent company 2021	Parent company 2020
		TEUR	TEUR	TEUR	TEUR
Assets					
Software		1	5	0	0
Goodwill		0	304	0	0
Intangible assets	9	**1**	**309**	**0**	**0**
Land and buildings		6.256	6.282	0	0
Plant and machinery		0	0	0	0
Other fixtures and fittings, tools and equipment		95	145	0	0
Tangible assets	10	**6.351**	**6.427**	**0**	**0**
Investments in subsidiaries	11	0	0	21.044	18.947
Fixed asset investments		**0**	**0**	**21.044**	**18.947**
Total non-current assets		**6.352**	**6.736**	**21.044**	**18.947**
Goods for resale		16.746	15.565	0	0
Stocks		**16.746**	**15.565**	**0**	**0**
Trade receivables		25.722	24.265	0	0
Receivables from subsidiaries		0	0	5.507	3.458
Other receivables		725	1.026	0	4
Deferred tax asset	13	120	143	0	0
Corporation tax		0	7	12	19
Prepayments		750	747	71	70
Receivables		**27.317**	**26.188**	**5.590**	**3.551**
Cash at bank and in hand		**1.047**	**336**	**769**	**0**
Total current assets		**45.110**	**42.089**	**6.359**	**3.551**
Total assets		**51.462**	**48.825**	**27.403**	**22.498**

Balance sheet 31 December

	Note	Group 2021	Group 2020	Parent company 2021	Parent company 2020
		TEUR	TEUR	TEUR	TEUR
Equity and liabilities					
Share capital		796	796	796	796
Reserve for net revaluation under the equity method		0	0	10.849	8.752
Retained earnings		16.657	14.516	5.808	5.764
Equity	12	**17.453**	**15.312**	**17.453**	**15.312**
Provision for deferred tax	13	434	433	0	0
Total provisions		**434**	**433**	**0**	**0**
Payables to parent company		4.950	5.390	0	0
Total non-current liabilities	14	**4.950**	**5.390**	**0**	**0**
Short-term part of long-term debet	14	10.300	7.190	9.860	6.750
Banks		0	126	0	126
Trade payables		6.975	9.484	15	21
Payables to parent company		615	475	31	265
Corporate tax		417	411	0	0
Other payables		10.318	10.004	44	24
Total current liabilities		**28.625**	**27.690**	**9.950**	**7.186**
Total liabilities		**33.575**	**33.080**	**9.950**	**7.186**
Total equity and liabilities		**51.462**	**48.825**	**27.403**	**22.498**

Statement of changes in equity

Group

	Share capital	Retained earnings	Total
Equity at 1 January 2021	796	14.516	15.312
Exchange adjustment, foreign	0	-13	-13
Fair value adjustment of hedging instruments	0	42	42
Net profit/loss for the year	0	2.112	2.112
Equity at 31 December 2021	**796**	**16.657**	**17.453**

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 January 2021	796	8.752	5.764	15.312
Exchange adjustment, foreign	0	-13	0	-13
Fair value adjustment of hedging instruments	0	42	0	42
Net profit/loss for the year	0	2.068	44	2.112
Equity at 31 December 2021	**796**	**10.849**	**5.808**	**17.453**

Cash flow statement 1 January - 31 December

	Note	Group 2021	Group 2020
		TEUR	TEUR
Net profit/loss for the year		2.112	2.325
Adjustments	21	1.390	1.071
Change in working capital	22	-4.396	391
Cash flows from operating activities before financial income and expenses		**-894**	**3.787**
Financial income		258	465
Financial expenses		-495	-503
Cash flows from ordinary activities		**-1.131**	**3.749**
Corporation tax paid		-524	-214
Cash flows from operating activities		**-1.655**	**3.535**
Purchase of property, plant and equipment		-178	-75
Cash flows from investing activities		**-178**	**-75**
Change in bank loans and overdrafts		-4.206	-10.001
Raising of loans from group subsidiaries		6.750	6.750
Cash flows from financing activities		**2.544**	**-3.251**
Change in cash and cash equivalents		**711**	**209**
Cash and cash equivalents		336	127
Cash and cash equivalents		**1.047**	**336**
Analysis of cash and cash equivalents:			
Cash at bank and in hand		1.047	336
Cash and cash equivalents		**1.047**	**336**

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	
	2021	2020	2021	2020
	TEUR	TEUR	TEUR	TEUR
2 Staff costs				
Wages and salaries	7.439	6.925	0	0
Pensions	676	647	0	0
Other social security costs	1.030	883	0	0
Other staff costs	289	172	0	0
	9.434	**8.627**	**0**	**0**
Average number of employees	144	133	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	
		2021	2020	2021	2020
		TEUR	TEUR	TEUR	TEUR
3	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**				
	Depreciation intangible assets	80	163	0	0
	Depreciation tangible assets	260	230	0	0
	Impairment intangible assets	229	0	0	0
		569	**393**	**0**	**0**
	which breaks down as follows:				
	Software	5	88	0	0
	Goodwill	75	75	0	0
	Other fixtures and fittings, tools and equipment	260	230	0	0
	Goodwill	229	0	0	0
		569	**393**	**0**	**0**
4	**Special items**				
	Impairment of goodwill	229	0	0	0
	Impairment of investments subsidaries	0	0	229	0
		229	**0**	**229**	**0**
5	**Financial income**				
	Interest received from subsidiaries	0	0	218	136
	Other financial income	258	465	0	0
		258	**465**	**218**	**136**

Notes

		Group		Parent company	
		2021	2020	2021	2020
		TEUR	TEUR	TEUR	TEUR
6	**Financial costs**				
	Interest paid to parent company	136	97	71	26
	Other financial costs	354	402	93	128
	Exchange loss	7	9	7	8
		497	**508**	**171**	**162**
7	**Tax on profit/loss for the year**				
	Current tax for the year	540	699	13	-19
	Deferred tax for the year	23	-83	0	0
		563	**616**	**13**	**-19**
8	**Distribution of profit**				
	Reserve for net revaluation under the equity method	0	0	2.068	2.648
	Retained earnings	2.112	2.325	44	-323
		2.112	**2.325**	**2.112**	**2.325**

Notes

9 Intangible assets

Group

	Software	Goodwill	Total
Cost at 1 January 2021	986	2.103	3.089
Cost at 31 December 2021	986	2.103	3.089
Impairment losses and amortisation at 1 January 2021	981	1.799	2.780
Depreciation for the year	4	75	79
Impairment and depreciation of sold assets for the year	0	229	229
Impairment losses and amortisation at 31 December 2021	985	2.103	3.088
Carrying amount at 31 December 2021	**1**	**0**	**1**
Depreciated over	3 years	10 years	

Notes

10 Tangible assets

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2021	6.603	1.145	954	8.702
Exchange adjustment	4	0	2	6
Additions for the year	168	0	10	178
Cost at 31 December 2021	6.775	1.145	966	8.886
Revaluations at 1 January 2021	0	0	0	0
Revaluations at 31 December 2021	0	0	0	0
Impairment losses and depreciation at 1 January 2021	321	1.145	809	2.275
Depreciation for the year	198	0	62	260
Impairment losses and depreciation at 31 December 2021	519	1.145	871	2.535
Carrying amount at 31 December 2021	**6.256**	**0**	**95**	**6.351**
Depreciated over	10-50 years	3-5 years	3 years	

Notes

	Parent company	
	2021	2020
	TEUR	TEUR
11 Investments in subsidiaries		
Cost at 1 January 2021	10.195	10.195
Cost at 31 December 2021	10.195	10.195
Revaluations at 1 January 2021	8.752	6.355
Profit for the year	2.401	2.472
Depreciation & impairment of goodwill	-304	-75
Revaluations at 31 December 2021	10.849	8.752
Carrying amount at 31 December 2021	**21.044**	**18.947**

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%

12 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	
	2021	2020	2021	2020
	TEUR	TEUR	TEUR	TEUR
13 Provision for deferred tax				
Provision for deferred tax at 1 January 2021	434	506	0	0
Deferred tax recognised in income statement	23	-89	0	0
Provisions for deferred tax through net exchange differences for foreign companys	-22	16	0	0
Provision for deferred tax at 31 December 2021	**435**	**433**	**0**	**0**
Provisions for deferred tax on:				
Transferred to deferred tax asset	120	143	0	0
	434	**433**	**0**	**0**
Deferred tax asset				
Calculated tax asset	120	143	0	0
Carrying amount	**120**	**143**	**0**	**0**

Notes

14 Long term debt

Group	Debt at 1 January 2021	Debt at 31 December 2021	Instalment next year	Debt outstanding after 5 years
Payables to parent company	5.390	15.250	10.300	3.190
	5.390	**15.250**	**10.300**	**3.190**

Parent Company	Debt at 1 January 2021	Debt at 31 December 2021	Instalment next year	Debt outstanding after 5 years
Subordinate loan capital	6.750	9.860	9.860	0
	6.750	**9.860**	**9.860**	**0**

	Group		Parent company	
	2021	2020	2021	2020
	TEUR	TEUR	TEUR	TEUR
15 Rent and lease liabilities				
Operating lease liabilities. Total future lease payments:				
Within 1 year	2.417	3.916	0	0
Between 1 and 5 years	82	168	0	0
	2.499	**4.084**	**0**	**0**

16 Contingent liabilities

Recourse and non-recourse guarantee commitments

Other contingent liabilities
Despec Denmark A/S's discussions with the tax authorities regarding a number of credit notes received from a supplier inthe period 2013-2016, and as stated in note 15 to the annual accounts for 2020, has led to SKAT's proposal tochange the company's purchase VAT for 2013-2016 corresponding to the debt allocated in the financialstatements. The amount is charged by SKAT in 2022 and fully paid by the company. There might still be a possible claimfrom the tax authorities, which at present can not be quantified. However, it is management's perception that the risk of claims is less likely.The company consider the case closed.

Notes

17 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 1,152 thousand in Despec Denmark A/S
-Floating charge of EUR 1,009 thousand in Despec Sweden A/S
-Floating charge of EUR 2,783 thousand in Despec Norway A/S
-Floating charge of EUR 1,610 thousand in AB Thure Bünger
-Surety ship from all subsidiaries

18 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 29 thousand at 31 December 2021 (2020: EUR 5.3 thousand).

At 31 December 2021(2020: a loss of EUR 96 thousand) a loss of EUR 54 thousand is recognized in equity.

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

19 Related parties and ownership structure

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	
	2021	2020	2021	2020
	TEUR	TEUR	TEUR	TEUR
20 Fee to auditors appointed at the general meeting				
Rödl & Partner Danmark:				
Audit fee	99	71	15	15
Non-audit services	42	110	27	29
	141	**181**	**42**	**44**

Notes

	Group	
	2021	2020
	TEUR	TEUR
21 Cash flow statement - adjustments		
Financial income	-258	-465
Financial costs	497	508
Depreciation, amortisation and impairment losses, including losses and gains on sales	569	393
Tax on profit/loss for the year	563	616
Other adjustments	19	19
	1.390	**1.071**

	2021	2020
22 Cash flow statement - change in working capital		
Change in inventories	-1.281	-1.482
Change in receivables	-1.158	-6.159
Change in trade payables, etc.	-1.957	8.032
	-4.396	**391**