Iter Topco ApS

Tuborg Boulevard 1, DK-2900 Hellerup

Annual Report for 1 January - 31 December 2019

CVR No 39 63 85 41

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 29/9 2020

Henrik Vestergaard Kastbjerg
Chairman of the General Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Iter Topco ApS for the financial year 1 January - 31 December 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hellerup, 29 September 2020

Executive Board

Nicholas Jordan
Executive Officer

Board of Directors

Dawn Sims	Nicholas Jordan	Henrik Vestergaard Kastbjerg
Mikael Kjærgaard		

Independent Auditor's Report

To the Shareholders of Iter Topco ApS

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Iter Topco ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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 Financial Statements" 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.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the 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 Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the 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 in Management's Review.

Independent Auditor's Report

Management's responsibilities for 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 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 Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

Independent Auditor's Report

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.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely 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.

Hellerup, 29 September 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

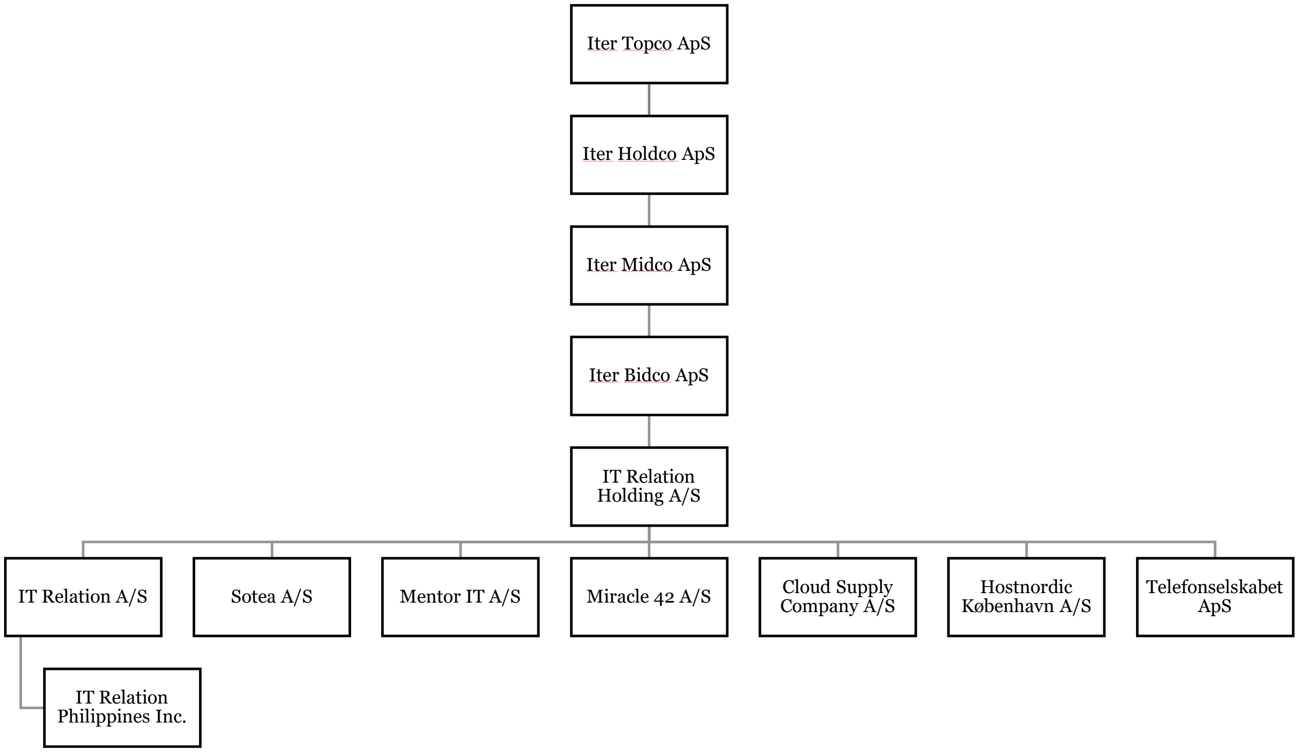
Jacob Fromm Christiansen
State Authorized Public Accountant
mne18628

Henrik Junker Andersen
State Authorized Public Accountant
mne42818

Company Information

The Company	Iter Topco ApS Tuborg Boulevard 1 DK-2900 Hellerup CVR No: 39 63 85 41 Financial period: 1 January - 31 December Municipality of reg. office: Gentofte
Board of Directors	Dawn Sims Nicholas Jordan Henrik Vestergaard Kastbjerg Mikael Kjærgaard
Executive Board	Nicholas Jordan
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Group chart



Company	Consolidated ownership
Iter Topco ApS (parent), Denmark	100%
Iter Holdco ApS, Denmark	100%
Iter Midco ApS, Denmark	100%
Iter Bidco ApS, Denmark	100%
IT Relation Holding A/S, Denmark	100%
IT Relation A/S, Denmark	100%
IT Relation Philippines Inc., Philippines	100%
Sotea A/S, Denmark	100%
Mentor IT, Denmark	100%
Miracle 42 A/S, Denmark	100%
Cloud Supply Company A/S, Denmark	100%
Hostnordic København A/S, Denmark	100%
Telefonselskabet ApS, Denmark	100%

Financial Highlights

Seen over a two-year period, the development of the Group is described by the following financial highlights:

	Group	
	2019	2018
	KDKK	KDKK
Key figures		
Profit/loss		
Revenue	721,115	207,540
Operating profit/loss	-37,604	-62,308
Profit/loss before financial income and expenses	-37,564	-62,308
Net financials	-149,686	-46,192
Net profit/loss for the year	-199,172	-108,482
Balance sheet		
Balance sheet total	2,268,323	2,064,496
Equity	96,716	263,084
Cash flows		
Cash flows from:		
- operating activities	108,926	-25,629
- investing activities	-255,693	-1,543,218
including investment in property, plant and equipment	-32,890	-8,394
- financing activities	200,992	1,599,861
Change in cash and cash equivalents for the year	54,225	31,014
Number of employees	590	467
Ratios		
Gross margin	54.7%	33.0%
Profit margin	-5.2%	-30.0%
Return on assets	-1.7%	-3.0%
Solvency ratio	4.3%	12.7%
Return on equity	-110.7%	-82.5%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the CFA Society Denmark. For definitions, see under accounting policies.

Management's Review

Key activities

In IT Relation Group, we help our customer to achieve a business impact with IT. This mission always starts with showing the greatest respect for our customers' business.

We are confident that the direct path to shared success starts with understanding our customers' IT needs, business, culture and organisation. This is a prerequisite for our ability to define the IT solution, workflow and not least the dedicated customer team that are best equipped to meet the specific needs of each individual customer.

Different IT solutions for different companies. We have the required skills and experience to deliver end-to-end IT solutions – ranging from IT infrastructure to data-driven digitisation.

We never talk about too large, too small, too complex or too simple customers. Our strong skills and competencies in all key IT disciplines enable us to meet our customers' IT needs whatever they may be – at all levels of their business.

As our approach is agile and our solutions are scalable, we can quickly customise IT setups to changing business needs. And whether our customers' needs are small or large, our starting point is always to create a business impact with IT.

IT outsourcing is about identifying the areas where IT can support companies' growth potential. And it is about giving customers the freedom to concentrate on their core business. The way we do this is to simplify and optimise.

Results and activities for the year

2019 was an eventful year. Both at and around the Group. The IT industry continues its process of consolidation, and we are an active player in this development. At the same time, we have succeeded in generating organic growth and strong operating profits.

As we leave 2019 behind and enter the new year, we are in a stronger position, meeting the expectations of our owners, customers and partners. Our earnings before interest, taxes, depreciation and amortisation (EBITDA) exceeded DKK 102 million, including significant integration costs. Adjusted for these costs, underlying earnings (EBITDA) were DKK 131 million.

The result for the year is further impacted as expected by amortisation of intangible assets and financial expenses.

Management's Review

Rapid growth

2019 was yet another year of substantial growth – both in terms of inflow of new customers and in terms of more IT Superheroes. Revenue was up by DKK 513 million compared to 2018 which was the first financial year of the Group with 4 months activity. The Group went from 467 to 590 employees in 2019.

Consolidation strategy

During the year, we strengthened the position of the Group in the Danish market by acquiring the companies Mentor IT A/S (Esbjerg), Miracle 42 A/S (Aarhus and Copenhagen), and Hostnordic's IT outsourcing business through the companies Cloud Supply Company A/S and Hostnordic København A/S.

Outlook for 2020

We are starting the new year full of optimism. We see strong market potential and are supported by a powerful ownership team. Therefore, our targets for 2020 are ambitious – in terms of both revenue and EBITDA.

We expect to grow revenue on the back of balanced organic and acquisitive growth in 2020. In terms of organic growth, we expect to grow our core business areas at a rate exceeding the general market level through sales to new customers and cross-selling to existing customers. In terms of acquisitive growth, we started 2020 on a strong note with the acquisitions of C2IT Infrastructure and Scott/Tiger, both perfect matches for our existing business in Mentor IT and Miracle42, respectively.

Complementing our existing business and adding new business through acquisitions

In 2020, we will continue to make strategic acquisitions of well-run companies that expand our product range, our operating platforms and our geographical presence. We will focus both on acquisitions that complement our existing business and on acquisitions that bring new products and customer segments.

Leveraging our ability to drive value through IT solutions, we aim to be our customers' preferred collaboration partner at all times.

Developing work processes

We need to stay one step ahead when it comes to automated processes and data-based communication. To that end, we are allocating additional resources to the work of strengthening our in-house processes. Artificial intelligence and automation are some of the means we will employ to build closer relations with customers and deliver improved customer service.

Management's Review

Premier IT solutions

As the SMB market leader, we will continue to develop premier IT solutions that help drive value for our customers. The solutions we deliver must always be true to our values. We need to stay competitive in the eyes of our core customers and to consistently deliver value.

Simultaneously, by leveraging economies of scale and continually improving our processes, we will deliver positive EBITDA growth.

Subsequent events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Group.

At this time, it is not possible to calculate the size of the negative COVID-19 impact.

Despite the mentioned implications of COVID-19, Management still considers the cash resources reasonable.

The IT Relation family

Companies have different IT needs. Some companies need a small-scale IT supplier providing standardised services or being located just around the corner. Others need specialist expertise in a specific area. And others again need a diversified delivery partner. At IT Relation, we acknowledge those differences and leverage our service offerings through the different competences in the group companies.

Irrespective of which member of our family is the best match for a customer, we always bring all our competencies into play to capitalise on synergies between group members. That way, we make sure that all customers get the best of all worlds.

Managed Services	**Business Solutions**	**Professional Services**
IT outsourcing, Service Desk, Infrastructure, Hosting, Hardware/software, Security	SharePoint, Webportals, BI, CRM, IT development	Oracle/SQL DBA, Database development, Monitoring, Performance tuning, etc.
IT Relation Mentor IT Sotea C2IT	IT Relation	Miracle 42 Scott/Tiger

Management's Review

IT Relation – Everyday IT Superheroes

Different IT solutions for different companies. We have the required skills and experience to deliver end-to-end IT solutions – ranging from IT infrastructure to data-driven digitisation.

We never talk about too large, too small, too complex or too simple customers. Our strong skills and competencies in all key IT disciplines enable us to meet our customers' IT needs whatever they may be – at all levels of their business.

As our approach is agile and our solutions are scalable, we can quickly customise IT setups to changing business needs. And whether our customers' needs are small or large, our starting point is always to create a business impact with IT.

Facts:

- Herning, Aarhus, Copenhagen, Aalborg, Kolding and Dumaguette, Philippines
- 464 employees in Denmark and 20 in Dumaguette, Philippines

Miracle 42 – IT-driven people and solutions

Miracle 42 A/S employs some of the most highly specialised consultants in the industry and also operates a department providing hosting and managed services.

Miracle 42 provides a range of standard services related to database, systems and applications operations. In addition, they have people specialising in consultancy, operations and setup in relation to primarily Oracle, Microsoft and OpenSource technologies.

Facts

- Aarhus and Ballerup
- 51 employees

Mentor IT – Positive IT experiences every day

Mentor IT is a managed services provider that, based on IT outsourcing, delivers on-site hosting and IT services to small and medium-sized businesses.

Mentor IT was acquired by in May 2019 and has taken on additional resources and competencies through its new family.

Management's Review

Facts

- Esbjerg, Kolding and Copenhagen
- 24 employees

Sotea – Easy IT

Many of Sotea's customers think of the company as their own IT department. This allows customers to focus on their core business, which is what any customer relationship at Sotea relies on. Through 20 years, Sotea has provided easy-to-grasp IT services to small Danish businesses within three primary business areas: Hosting, IT support and IT services.

Facts

- Silkeborg
- 20 employees

Scott/Tiger – A Danish IT consultancy

At the beginning of 2020, the Group acquired Scott/Tiger, a provider of IT services within the same fields as Miracle 42.

In addition, Scott/Tiger has a department specialising in testing and testing tools and another providing temporary consultancy assistance to customer projects (Flexible Workforce).

Facts

- Ballerup
- 32 employees

C2IT – Making IT simple

At the beginning of 2020, the Group acquired C2IT Infrastructure and C2IT Infrastructure Øst, which provide services within the same fields as Mentor IT. C2IT Infrastructure is present in eastern Jutland and the Copenhagen region.

Through the acquisition of C2IT Infrastructure, the Group has gained a platform to expand its service range and its competence pool.

Management’s Review

Facts

- Esbjerg, Aarhus, Kolding and Copenhagen
- 25 employees

Taking our social responsibility seriously

We take our corporate social responsibility very seriously. This is not just something we say. It is how we act. Striving to steer society in a positive direction is something we consider a natural part of our business. And as an integral part of our processes, we work in a socially and environmentally responsible way.

Working according to high ethical standards

We invariably comply with applicable laws, regulations and requirements. Carrying on business according to high ethical standards is our responsibility.

We want to be a trustworthy organisation – to our customers, colleagues, business partners and the society in which we operate. Our business depends on this trust. Accordingly, we strive to always be trustworthy and honest and to work according to high ethical standards.

We depend on our employees and their commitment, and we therefore strive to create a diverse and healthy working environment with equal opportunities for all – regardless of gender, race, religion and nationality.

Working to reduce our environmental footprint

As one of Denmark’s largest providers of outsourcing services, our large data centres inevitably have an impact on the environment. We work every day to reduce this impact and will step up our efforts in 2020, consolidating data centres and focusing on recyclable IT. These are just some of the measures we will implement in order to reduce our environmental footprint still further.

Career and working environment

We depend on talented employees and aim to be an attractive workplace with ample opportunities for both existing and future employees. It is our ambition to create the best IT workplace in Denmark.

Against this background, we added more resources and new initiatives to our People and Culture department in 2019. The People and Culture department is focused on creating even better working conditions and offering the best training opportunities for our employees.

Management's Review

Working climate and job satisfaction

Our employees are our most important resource. And we believe that job satisfaction and performance go hand in hand. That is why we work incessantly to promote the job satisfaction and well-being of our employees.

Healthy food policy

An employee's job enthusiasm is inextricably linked to what he or she eats during the day. Therefore, we have developed a healthy food policy that allows our employees to choose green and nutritionally balanced meals morning, noon and afternoon.

We also give our employees access to at-work massages to boost their physical well-being.

Measuring employee satisfaction

On a monthly basis, we measure the commitment and motivation of our employees by means of external measuring tools. This provides us with ongoing insights into the well-being of our employees. We analyse the feedback we receive and use it to improve our working environment and processes.

From 467 to 590 employees

In a growth business like ours, new faces are an almost everyday occurrence. Indeed, our headcount rose from 467 to 590 in 2019.

As we grow, we work actively to retain our employees. Talented IT staff are generally in short supply in the IT industry. Having the right skills at our disposal is therefore of critical importance to us. To that end, we continually invest in employee retention initiatives.

We optimise our onboarding procedures on an ongoing basis, and we develop career plans and training programmes for our employees to keep their skills up to date.

Management's Review

Risk landscape

Risk management is essential to stay ahead of the rapidly changing market in which we operate. We therefore work continuously to identify the most critical risks and actions to mitigate them. The Board of Directors frequently reviews these risks and mitigating actions, using them as a basis for launching new initiatives.

Risk	**Mitigating actions**
Ability to develop new and existing customers	• Digital transformation initiatives • Flexible delivery models (own data centres, own cloud, and public cloud) • Marketing, monitoring and dedicated client account models • Competitive prices through business excellence initiatives • Robotic Process Automation (RPA) and Artificial Intelligence (AI) • Governance model to support differentiated customer segments
Contractual and legal/compliance risks, including General Data Protection Regulation (GDPR)	• Contract management framework to improve and monitor obligations • Data Protection Officer (DPO) appointed • Comprehensive GDPR training of employees
Attracting and retaining talent	• Trainee and specialist training programmes • Focus training programmes on new technologies • Systematic appraisal interviews • Strategic collaboration with educational institutions • Branding
Operation and delivery, including cyber security	• Advanced and redundant data centre setup • Security roadmap • Flexible delivery setup • Project and delivery management • Security and compliance team

Management's Review

We take sustainable responsibility

We live in a world where resources are scarce, the environment is being degraded and the digital transformation is changing society and businesses. This presents a challenge to all of us. And we see ourselves as part of the solution.

As an IT company, we feel committed to acting responsibly and maintaining a sustainable mindset. We endeavour to live up to our responsibility regarding the United Nations Sustainable Development Goals to make it possible for us, through joint efforts, to build a more sustainable world and future.

A sustainable business model

Data centres play an important role in cutting carbon dioxide emissions significantly over the coming years. A role that is very much at the top of our minds and to which our ambitious plan will contribute.

Over the last three years, we have been working diligently to optimise and consolidate our data centres. In 2019 we closed three data centres in IT Relation Group, and in 2020 we expect to close another eight. Consolidation does not do it alone, however.

This is why we also focus on ways to optimise power consumption at our data centres by updating software and hardware on infrastructure components and by adapting uninterruptible power supply and cooling systems.

Recycling IT equipment

Besides, we have developed procedures for the lifecycle of our IT equipment, for instance by entering into formalised agreements with suppliers who recycle our IT equipment.

Every year, IT Relation conducts a carbon footprint analysis which, based on international standards, calculates total carbon dioxide emissions. We obtain a total score and are presented with a range of recommendations on how to make further improvements. The first time we measured our carbon footprint was in 2019.

An inclusive and diverse workplace

We believe that everyone has something to contribute to the labour market. This applies regardless of social origin, age, gender, ethnicity, culture, sexual orientation and physical and psychological conditions. Furthermore, our position is that we have an obligation to take responsibility for embracing and accommodating different types of people.

Management's Review

This is why our employees also include people who, due to various challenges in the past, have had difficulty finding a place in the labour market. For instance, we have employees with autism who contribute positively by offering strong systematic skills, persistence and logical thinking – but, in turn, are challenged in social contexts.

Our "People and Culture" department engages in close dialogue with employees who are challenged in one way or another. We assist in furthering and using these employees' strengths and ensure that no one is forced to struggle with their weaknesses.

We do this, for example, by creating jobs in an environment of peace and tranquility with space for concentration. We also offer flexible working hours, the opportunity to work from home and video streaming for large meetings. Our ambition is to be a particularly attractive workplace when it comes to breaking down taboos and adapting working conditions to suit specific needs.

We are committed to:

- conducting business in a socially responsible and ethical manner;
- developing measures to ensure the health and safety of our employees;
- respecting the human rights of our employees, the employees of our suppliers and the residents of the communities in which we operate;
- minimising the environmental impact of our Company by tracking and measuring our carbon footprint; and
- respecting, engaging and supporting the communities and cultures we are part of.

At the same time, we have profound respect for external CSR factors such as climate change. And we have a strong focus on reducing our carbon footprint.

Management's Review

CSR risks

Social and employee matters

Risk	Mitigating actions
Attracting and retaining talent	• Employee value proposition • Employee engagement, surveys and feedback • KAPOW graduate programme • Focus on transparency, ownership, accountability and relationships • Focus on relations to employees and between employees • Involvement in decision-making processes • Focus on delegation • Focus on diversity
Non-compliance with our Code of Conduct	• New joiner training in our Code of Conduct • Anonymous feedback tool
Stress-related absence	• Stress-related training and support • Stress relief via employee health insurance
Ergonomic conditions	• Workplace assessment • Equipment such as adjustable tables and chairs
Low gender diversity	• Focus area in the recruitment process • Inclusion as a focus area

Anti-bribery and anti-corruption

Risk	Mitigating actions
Third parties and due diligence	• Gifts and entertainment policy • Anti-bribery and corruption training of employees • Anti-bribery clause included in contracts for new high-risk suppliers

Management's Review

Climate change and environment

Risk	Mitigating actions
Increased energy costs	• Carbon footprint – we started measuring our carbon footprint in IT Relation in 2019 • Energy consumption – we continuously measure our energy consumption at our data centres

CSR policy

Social and employee matters	
Code of Conduct Our Code of Conduct sets the standard for what we expect of all our employees. In addition to our core values, the code describes the expectations we have of our employees' ethics, communication and behaviour. **CSR key figures and ratios for 2019** • 100% of new employees completed Code of Conduct training in 2019	**Health and safety policy** Our occupational health and safety policy sets out our commitment to managing health and safety in the workplace effectively. As all our employees are office-based, our key focus areas are workstation ergonomics, eye strains (tired and dry eyes) and stress management. All employees are required to perform a workplace assessment to help identify possible areas for improvement. Our industrial injuries insurance provides comprehensive cover for all employees and quick access to preventive health care if necessary – including but not limited to stress relief and counselling. **CSR key figures and ratios for 2019** • Average number of employees FTE: 590 • In the past year, the number of employees increased from 467 to 590 • Reported accidents: 14 in IT Relation A/S • The average sickness rate is at 3% in IT Relation A/S • Monthly employee engagement survey scores 8 out of 10 in IT Relation A/S • Employee eNPS score (Employee Net Promoter Score) is at 31 (market average) in IT Relation A/S

Management's Review

Anti-corruption	Climate change
Anti-bribery and anti-corruption policy It is our policy to conduct business in an honest and ethical manner. We take a zero tolerance approach to any incidents of bribery and corruption. We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships. We are committed to implementing and enforcing effective systems to counter bribery and corruption. Our anti-corruption and competition policy states what we expect of employees, including how to deal with gifts, third parties and suppliers. 100% of employees identified for anti-bribery training have completed the course over the last three years. **CSR key figures and ratios for 2019** • 100% of new employees completed Code of Conduct training in 2019 • No instances of corruption were reported in 2019	**Climate change policy** We recognise the risks related to climate change and are committed to cutting our emissions. To reduce the impact of IT Relation on the environment, we set the goal to consolidate and optimise our data centres in 2019. In keeping with this strategy, we closed three data centres in IT Relation the past year. Our plan for 2020 is to close another eight data centres, and we will continuously focus on replacing and investing in new IT equipment with lower energy consumption. **CSR key figures and ratios for 2019** • Carbon footprint – we started measuring our carbon footprint in 2019 in IT Relation to focus on our impact on climate change – and to launch initiatives that minimise the impact. Our total greenhouse gas emissions were 1,060.13 tonnes of CO_2e in 2019, equivalent to 2.28 tonnes of CO_2e per employee in IT Relation A/S • Energy consumption – we initiated energy consumption measurements at the largest data centre in IT Relation in 2019, and we are constantly developing new initiatives to improve our energy efficiency.
Environment	**Human rights**
Environmental policy As a service and IT company without production sites, IT Relation has a low environmental impact. Even so, we recognise the environmental impact of businesses and therefore make a committed effort to reduce our impact. We are taking action to reduce our impact on the environment, for instance by implementing a comprehensive waste management system in our offices and kitchens and by minimising our air, train and car travel activity. We strive to use technology as often as possible – and when travel activity is unavoidable, we try to reduce our impact through car pooling and shared hotel accommodation.	**Human rights policy** IT Relation has incorporated a simple, yet robust supply chain structure as part of our activities. Most of our suppliers are located in Denmark or Western Europe. We actively monitor our supply chain and aim to work with reputable suppliers who are reliable and transparent to ensure that no one acts in violation of human rights. IT Relation is committed to the United Nations Universal Declaration of Human Rights. Our monitoring work has not given rise to any comments, and we therefore believe that our suppliers continue to comply with our policy.

Management's Review

Compliance and IT security activities

Compliance is vital to us. That is why we make every imaginable effort to store our customers' and employees' personal data safely. Our privacy policy gives a clear picture of how we handle personal data with great care. Since the GDPR entered into force (in May 2018), we have stepped up our cyber security initiatives by protecting the data we store and process on behalf of our employees and third parties.

We offer a wide range of products that help our customers ensure GDPR compliance. For instance, our secure email solution can encrypt sensitive data, which can be emailed securely – and our security workshops and GAP analyses can be used to identify potential focus areas.

A specialiced Security & Compliance Team

We have established a special "Security & Compliance Team" to take formal ownership of ongoing tasks – internally as well as externally. The "Security & Compliance Team" is responsible for developing new security services that help both IT Relation and our customers protect personal data as best possible.

IT security is a focus area we constantly do our best to control and improve.

- Once a year we are audited by an independent auditor
- Our hosting services are ISAE 3402 Type 2-certified
- Our security standards are based on the principles if ISO 27001
- We achieved certification to ISO 27001 in 2020 in IT Relation A/S.

Gender composition

Diversity and inclusion are core areas in the organisation. Every employee has the right to work in an environment that offers equal opportunities for all – regardless of ethnicity, social origin, religion, gender, sexual orientation, age and disability. That is our conviction, and we are doing our utmost to build and maintain such an environment.

We want to be an organisation with equal opportunities for all. An organisation where everyone has an equal chance to seek and obtain employment – without suffering discrimination. We do not tolerate any form of harassment and discrimination. We have communicated this clearly to our employees in our equal opportunities policy and in our Code of Conduct.

Management's Review

Gender balance initiatives in 2019

We have taken a number of steps to improve the gender balance in the Group:

- All job vacancies are open to all applicants
- With the aim of raising the percentage of women in the group of job applicants, we have launched an education initiative that focuses on giving women more knowledge of the IT industry.
- At various executive levels, we have appointed women to perform administrative and line functions
- At different management levels in the company, women have been chosen both in administrative and line functions
- In the period up to 2022, our aim is to have at least one woman elected to the Board of Directors. This target was met by appointment of Dawn Sims to the Board of Directors in 2019.

Going forward, we will endeavour to work continuously on diversity and gender policies throughout the organisation and encourage our employees to help us identify areas where we can improve our efforts.

Income Statement 1 January - 31 December

	Note	Group 2019 KDKK	Group 2018 KDKK	Parent 2019 KDKK	Parent 2018 KDKK
Revenue	2	**721,115**	**207,540**	**0**	**0**
Other operating income		40	0	0	0
Direct costs		-247,359	-71,973	0	0
Other external expenses		-79,401	-67,132	-324	-46
Gross profit/loss		**394,395**	**68,435**	**-324**	**-46**
Staff expenses	3	-292,729	-88,105	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-139,230	-42,638	0	0
Profit/loss before financial income and expenses (EBIT)		**-37,564**	**-62,308**	**-324**	**-46**
Financial income	4	538	74	70,634	23,118
Financial expenses	5	-150,224	-46,266	-70,634	-23,125
Profit/loss before tax		**-187,250**	**-108,500**	**-324**	**-53**
Tax on profit/loss for the year	6	-11,922	18	51	0
Net profit/loss for the year		**-199,172**	**-108,482**	**-273**	**-53**

Balance Sheet 31 December

Assets

	Note	Group 2019 KDKK	Group 2018 KDKK	Parent 2019 KDKK	Parent 2018 KDKK
Completed development projects		3,389	68	0	0
Acquired licenses		1,081	1,423	0	0
Customer relationships		597,810	629,910	0	0
Goodwill		1,364,132	1,257,234	0	0
Development projects in progress		2,210	2,718	0	0
Intangible assets	7	**1,968,622**	**1,891,353**	**0**	**0**
Other fixtures and fittings, tools and equipment		59,065	37,283	0	0
Leasehold improvements		1,736	7,216	0	0
Property, plant and equipment in progress		0	302	0	0
Property, plant and equipment	8	**60,801**	**44,801**	**0**	**0**
Investments in subsidiaries	9	0	0	404,320	371,505
Receivables from group enterprises	10	0	0	874,210	803,576
Other investments	10	8	8	0	0
Deposits	10	2,460	1,884	0	0
Other receivables	10	279	615	0	0
Fixed asset investments		**2,747**	**2,507**	**1,278,530**	**1,175,081**
Fixed assets		**2,032,170**	**1,938,661**	**1,278,530**	**1,175,081**
Inventories		**1,865**	**1,322**	**0**	**0**

Balance Sheet 31 December *(continued)*

Assets

	Note	Group		Parent	
		2019	2018	2019	2018
		KDKK	KDKK	KDKK	KDKK
Trade receivables		92,121	73,594	0	0
Contract work in progress		4,879	983	0	0
Receivables from group enterprises		0	0	4,410	0
Other receivables		8,210	6,232	0	0
Deferred tax asset	14	35,220	0	0	0
Corporation tax		0	297	44	0
Prepayments	11	8,296	0	0	0
Receivables		**148,726**	**81,106**	**4,454**	**0**
Cash at bank and in hand		**85,562**	**43,407**	**34**	**34**
Currents assets		**236,153**	**125,835**	**4,488**	**34**
Assets		**2,268,323**	**2,064,496**	**1,283,018**	**1,175,115**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent	
	Note	2019	2018	2019	2018
		KDKK	KDKK	KDKK	KDKK
Share capital		118	111	118	111
Retained earnings		96,598	262,973	403,937	371,402
Equity	12	**96,716**	**263,084**	**404,055**	**371,513**
Provision for deferred tax	14	0	840	0	0
Other provisions		26,000	14,000	0	0
Provisions		**26,000**	**14,840**	**0**	**0**
Subordinate loan capital		874,210	803,576	874,210	803,576
Credit institutions		1,108,942	871,049	0	0
Lease obligations		3,851	0	0	0
Other payables		1,979	0	0	0
Long-term debt	15	**1,988,982**	**1,674,625**	**874,210**	**803,576**

Balance Sheet 31 December *(continued)*

Liabilities and equity

		Group		Parent	
	Note	2019	2018	2019	2018
		KDKK	KDKK	KDKK	KDKK
Credit institutions	15	323	12,393	0	0
Lease obligations	15	2,476	2,830	0	0
Prepayments received from customers		8,085	0	0	0
Trade payables		39,645	33,547	0	0
Payables to group enterprises		0	0	2,095	0
Corporation tax		8,463	0	2,632	0
Other payables	15	80,131	51,291	26	26
Deferred income	16	17,502	11,886	0	0
Short-term debt		**156,625**	**111,947**	**4,753**	**26**
Debt		**2,145,607**	**1,786,572**	**878,963**	**803,602**
Liabilities and equity		**2,268,323**	**2,064,496**	**1,283,018**	**1,175,115**

Subsequent events	1
Key activities	
Distribution of profit	13
Contingent assets, liabilities and other financial obligations	19
Fee to auditors appointed at the general meeting	20
Accounting Policies	21

Statement of Changes in Equity

Group

	Share capital	Retained earnings	Total
	KDKK	KDKK	KDKK
Equity at 1 January	111	262,973	263,084
Exchange adjustments	0	-11	-11
Cash capital increase	7	32,808	32,815
Net profit/loss for the year	0	-199,172	-199,172
Equity at 31 December	**118**	**96,598**	**96,716**

Parent

	Share capital	Retained earnings	Total
Equity at 1 January	111	262,973	263,084
Net effect from change of accounting policy	0	108,429	108,429
Adjusted equity at 1 January	111	371,402	371,513
Cash capital increase	7	32,808	32,815
Net profit/loss for the year	0	-273	-273
Equity at 31 December	**118**	**403,937**	**404,055**

Cash Flow Statement 1 January - 31 December

	Note	Group 2019	Group 2018
		KDKK	KDKK
Net profit/loss for the year		-199,172	-108,482
Adjustments	17	300,838	88,812
Change in working capital	18	9,204	-2,061
Cash flows from operating activities before financial income and expenses		**110,870**	**-21,731**
Corporation tax paid		-1,944	-3,898
Cash flows from operating activities		**108,926**	**-25,629**
Purchase of intangible assets		-6,072	-1,727
Purchase of property, plant and equipment		-32,890	-8,394
Disposal of property, plant, and equipment		741	11
Change in other financial assets		141	812
Business acquisition		-217,613	-1,533,920
Cash flows from investing activities		**-255,693**	**-1,543,218**
Repayment of loans from credit institutions		0	-404,259
Proceeds from borrowings		233,424	1,812,134
Change in lease obligations		3,497	0
Change in other long-term debt		4,545	0
Cash capital increase		32,815	209,491
Cash capital reduction		0	-100
Net financials		-73,289	-17,405
Cash flows from financing activities		**200,992**	**1,599,861**
Change in cash and cash equivalents		**54,225**	**31,014**
Cash and cash equivalents at 1 January		31,014	0
Cash and cash equivalents at 31 December		**85,239**	**31,014**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		85,562	43,407
Credit institutions		-323	-12,393
Cash and cash equivalents at 31 December		**85,239**	**31,014**

Notes to the Financial Statements

1 Subsequent events

The implications of COVID-19 with many governments across the world deciding to ”close down their countries” will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Group.

At this time, it is not possible to calculate the size of the negative COVID-19 impact.

Despite the mentioned implications of COVID-19, Management still considers the cash resources reasonable.

	Group		Parent	
	2019	2018	2019	2018
	KDKK	KDKK	KDKK	KDKK

2 Revenue

Business segments				
Managed service	668,986	188,335	0	0
Other revenue	52,129	19,205	0	0
	721,115	**207,540**	**0**	**0**

Revenue for the Danish market exceeds 90% of total revenue and as a result the group does not submit further details onthe geografical composition of the revenue.

3 Staff expenses

Wages and salaries	271,045	79,956	0	0
Pensions	16,462	4,224	0	0
Other social security expenses	2,992	906	0	0
Other staff expenses	2,230	3,019	0	0
	292,729	**88,105**	**0**	**0**
Including remuneration to the Executive Board of:				
Executive Board	636	632	0	0
	636	**632**	**0**	**0**
Average number of employees	**590**	**467**	**0**	**0**

Notes to the Financial Statements

	Group		Parent	
	2019	2018	2019	2018
	KDKK	KDKK	KDKK	KDKK

4 Financial income

Interest from group enterprises	0	0	70,634	23,118
Other financial income	538	74	0	0
	538	**74**	**70,634**	**23,118**

5 Financial expenses

Interest to group enterprises	70,634	23,118	70,634	23,118
Other financial expenses	79,590	23,148	0	7
	150,224	**46,266**	**70,634**	**23,125**

6 Tax on profit/loss for the year

Current tax for the year	8,257	2,027	-44	0
Deferred tax for the year	3,414	-2,045	0	0
Adjustment of tax concerning previous years	251	0	-7	0
	11,922	**-18**	**-51**	**0**

Notes to the Financial Statements

7 Intangible assets

Group

	Completed development projects	Acquired licenses	Customer relationships	Goodwill	Development projects in progress
	KDKK	KDKK	KDKK	KDKK	KDKK
Cost at 1 January	115	1,779	640,648	1,280,200	2,718
Net effect from merger and acquisition	0	0	0	181,920	0
Additions for the year	562	969	0	1,700	2,841
Transfers for the year	3,349	0	0	0	-3,349
Cost at 31 December	4,026	2,748	640,648	1,463,820	2,210
Transfers for the year	0	0	0	0	0
Revaluations at 31 December	0	0	0	0	0
Impairment losses and amortisation at 1 January	47	356	10,738	22,966	0
Amortisation for the year	590	1,311	32,100	76,722	0
Impairment losses and amortisation at 31 December	637	1,667	42,838	99,688	0
Carrying amount at 31 December	**3,389**	**1,081**	**597,810**	**1,364,132**	**2,210**

Development projects in progress relate to new case handling systems and comprise both external assistance and internal hours.

Notes to the Financial Statements

8 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	KDKK	KDKK	KDKK
Cost at 1 January	44,928	8,070	302
Exchange adjustment	12	0	0
Net effect from merger and acquisition	10,742	1,570	0
Additions for the year	32,769	423	0
Disposals for the year	-1,966	0	-302
Transfers for the year	7,158	-7,158	0
Cost at 31 December	93,643	2,905	0
Impairment losses and depreciation at 1 January	7,645	854	0
Exchange adjustment	2	0	0
Depreciation for the year	28,025	315	0
Reversal of impairment and depreciation of sold assets	-1,094	0	0
Impairment losses and depreciation at 31 December	34,578	1,169	0
Carrying amount at 31 December	**59,065**	**1,736**	**0**
Including assets under finance leases amounting to	6,084	0	0

	Parent	
	2019	2018
	KDKK	KDKK

9 Investments in subsidiaries

	2019 KDKK	2018 KDKK
Cost at 1 January	371,505	263,076
Net effect from merger and acquisition	0	-58,119
Addition, capital contribution to subsidiaries	32,815	166,548
Cost at 31 December	404,320	371,505
Value adjustments at 1 January	0	0
Value adjustments at 31 December	0	0
Carrying amount at 31 December	**404,320**	**371,505**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Iter Holdco ApS	Herning	50	100%

Notes to the Financial Statements

10 Other fixed asset investments

	Group			Parent
	Other investments	Deposits	Other receiv-ables	Receivables from group enterprises
	KDKK	KDKK	KDKK	KDKK
Cost at 1 January	8	1,884	615	803,576
Net effect from merger and acquisition	0	381	0	0
Additions for the year	0	481	0	70,634
Disposals for the year	0	-286	-336	0
Cost at 31 December	8	2,460	279	874,210
Impairment losses at 1 January	0	0	0	0
Impairment losses at 31 December	0	0	0	0
Carrying amount at 31 December	**8**	**2,460**	**279**	**874,210**

11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

12 Equity

The share capital is broken down as follow:

	Number	Nominal value
		KDKK
A-shares	3,522	3,522
B-shares	457	457
C-shares	44,780	44,780
D-shares	58,534	58,534
E-shares	11,195	11,195
		118,488

13 Distribution of profit

	Parent 2019	Parent 2018
	KDKK	KDKK
Retained earnings	-273	-53
	-273	**-53**

14 Provision for deferred tax

	Group 2019	Group 2018	Parent 2019	Parent 2018
	KDKK	KDKK	KDKK	KDKK
Provision for deferred tax at 1 January	-840	0	0	0
Amounts recognised in the income statement for the year including adjustment to prior year	-2,954	-2,045	0	0
Net effect from acquisition	39,014	1,205	0	0
Provision for deferred tax at 31 December	**-35,220**	**840**	**0**	**0**

15 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Subordinate loan capital

	Group 2019	Group 2018	Parent 2019	Parent 2018
After 5 years	874,210	803,576	874,210	803,576
Long-term part	874,210	803,576	874,210	803,576
Within 1 year	0	0	0	0
	874,210	**803,576**	**874,210**	**803,576**

Credit institutions

	Group 2019	Group 2018	Parent 2019	Parent 2018
After 5 years	1,108,942	871,049	0	0
Long-term part	1,108,942	871,049	0	0
Other short-term debt to credit institutions	323	12,393	0	0
	1,109,265	**883,442**	**0**	**0**

Notes to the Financial Statements

15 Long-term debt (continued)

	Group		Parent	
	2019	2018	2019	2018
	KDKK	KDKK	KDKK	KDKK
Lease obligations				
Between 1 and 5 years	3,851	0	0	0
Long-term part	3,851	0	0	0
Within 1 year	2,476	2,830	0	0
	6,327	**2,830**	**0**	**0**
Other payables				
Between 1 and 5 years	1,979	0	0	0
Long-term part	1,979	0	0	0
Other short-term payables	80,131	51,291	26	26
	82,110	**51,291**	**26**	**26**

16 Deferred income

Deferred income comprises income in subsequent financial years.

17 Cash flow statement - adjustments

	Group	
	2019	2018
	KDKK	KDKK
Financial income	-538	-74
Financial expenses	150,224	46,266
Depreciation, amortisation and impairment losses, including losses and gains on sales	139,230	42,638
Tax on profit/loss for the year	11,922	-18
	300,838	**88,812**

Notes to the Financial Statements

	Group	
	2019	2018
	KDKK	KDKK
18 Cash flow statement - change in working capital		
Change in inventories	-129	1,115
Change in receivables	3,231	-20,486
Change in trade payables, etc	6,102	17,310
	9,204	**-2,061**

19 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with third party:

Investments in subsidiaries	0	0	404,320	371,505
Receivables from group enterprises	0	0	874,210	803,576

Rental and lease obligations

The group has concluded leases with different periods of notice. The rent in the period of notice amounts to DKK 23,890k.

The group has also concluded leases on cars. The lease payment up to the end of the lease term amounts to DKK 6,470k.

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

	Group		Parent	
	2019	2018	2019	2018
	KDKK	KDKK	KDKK	KDKK
20 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	577	177	0	20
Other assurance engagements	204	39	0	0
Tax advisory services	178	2	0	0
Other services	1,658	5	0	0
	2,617	**223**	**0**	**20**
Grant Thornton				
Audit fee	0	9	0	0
	0	**9**	**0**	**0**
Deloitte				
Audit fee	0	14	0	0
	0	**14**	**0**	**0**
Vistisen & Lunde				
Audit fee	40	0	0	0
Other assurance engagements	19	0	0	0
Other services	1,070	0	0	0
	1,129	**0**	**0**	**0**
	3,746	**246**	**0**	**20**

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of Iter Topco ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Consolidated and Parent Company Financial Statements for 2019 are presented in KDKK.

Changes in accounting policies

The parent company has changed its accounting policies for measuring investments in subsidiaries from the equity method to cost. The change has led to an increase in last year's result by TDKK 108.429. In addition, it affected the company's fixed assets for 2018 by TDKK 108.429 and the total balance sheet by TDKK 108.429. Equity on 1 January 2019 is affected by TDKK 108.429. The company's cash flows are not affected by the change.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Iter Topco ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company’s investments in the consolidated subsidiaries are set off against the Parent Compa-

21 Accounting Policies (continued)

ny's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Notes to the Financial Statements

21 Accounting Policies (continued)

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Revenue

Information on business segments and geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

21 Accounting Policies (continued)

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Direct costs

Direct costs comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, direct costs and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Notes to the Financial Statements

21 Accounting Policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 7 - 20 years.

Customer relationships acquired is measured at cost less accumulated amortisation. Customer relationships is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3 - 5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5	years

21 Accounting Policies (continued)

Leasehold improvements	2-3 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Fixed asset investments

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of unlisted equity investments, deposit and receivables.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Notes to the Financial Statements

21 Accounting Policies (continued)

Contract work in progress

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

21 Accounting Policies (continued)

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Notes to the Financial Statements

21 Accounting Policies (continued)

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term liabilities to credit institutions.

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

21 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$

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