ITM8 MidCo ApS

Tuborg Boulevard 1, DK-2900 Hellerup

Annual Report for 1 January - 31 December 2020

CVR No 39 63 91 57

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 01/07 2021

Henrik Vestergaard Kastbjerg
Chairman of the General Meeting

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Management’s Statement

The Executive Board has today considered and adopted the Annual Report of ITM8 MidCo ApS for the financial year 1 January - 31 December 2020.

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

In my opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020.

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

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

Hellerup, 1 July 2021

Executive Board

Nicholas Jordan
CEO

Independent Auditor's Report

To the Shareholder of ITM8 MidCo 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 2020 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 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of ITM8 MidCo ApS for the financial year 1 January - 31 December 2020, 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 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.

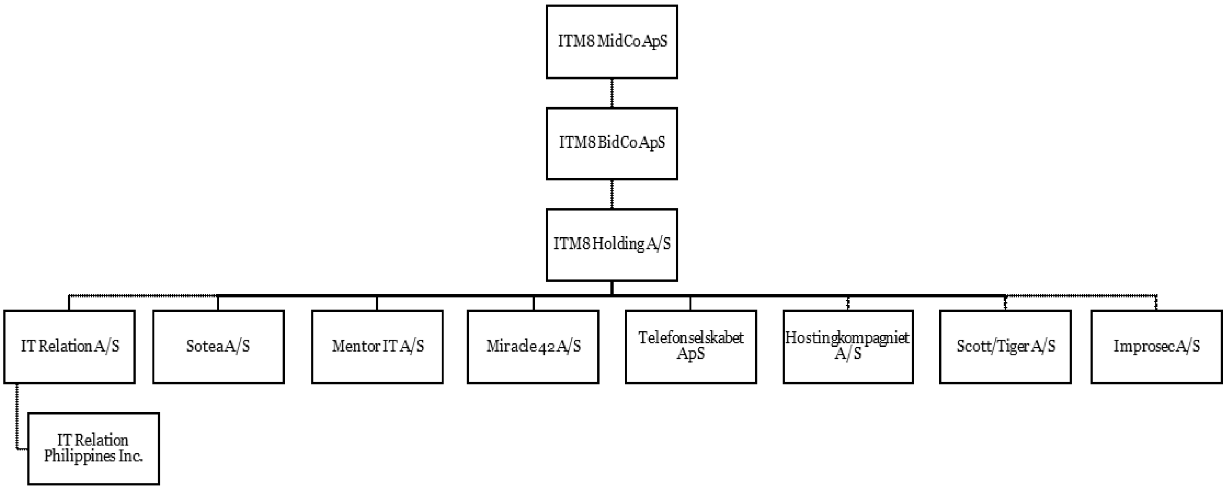
Hellerup, 1 July 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob Fromm Christiansen	Henrik Junker Andersen
State Authorized Public Accountant	State Authorized Public Accountant
mne18628	mne42818

Company Information

The Company	ITM8 MidCo ApS Tuborg Boulevard 1 DK-2900 Hellerup CVR No: 39 63 91 57 Financial period: 1 January - 31 December Municipality of reg. office: Gentofte
Executive Board	Nicholas Jordan
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Group Chart



Company	Consolidated ownership
Iter Midco ApS (parent), 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%
Telefonselskabet ApS, Denmark	100%
Hostingkompagniet A/S, Denmark	100%
Scott/Tiger A/S, Denmark	100%
Improsec A/S, Denmark	100%

Financial Highlights

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

	Group		
	2020	2019	2018
	KDKK	KDKK	KDKK
Key figures			
Profit/loss			
Revenue	890,355	721,115	207,540
Operating profit/loss	478	-37,257	-62,252
Profit/loss before financial income and expenses	717	-37,217	-62,252
Net financials	-164,617	-149,686	-46,185
Net profit/loss for the year	-184,991	-198,883	-108,419
Balance sheet			
Balance sheet total	2,442,650	2,268,627	2,064,462
Equity	-52,103	97,008	263,086
Cash flows			
Cash flows from:			
- operating activities	201,893	108,953	-25,659
- investing activities	-224,957	-255,693	-1,543,218
including investment in property, plant and equipment	-30,891	-32,890	-8,394
- financing activities	86,359	200,991	1,599,807
Change in cash and cash equivalents for the year	63,295	54,251	30,930
Number of employees	697	590	467
Ratios			
Gross margin	57.7%	54.7%	33.0%
Profit margin	0.1%	-5.2%	-30.0%
Return on assets	0.0%	-1.6%	-3.0%
Solvency ratio	-2.1%	4.3%	12.7%
Return on equity	-823.9%	-110.5%	-82.4%

Management's Review

Key activities

We are on a dual mission: to unlock today's potential for improvement and to innovate tomorrow's solutions for transformation. At the same time. Together with our customers. We simply want to become the ultim8 IT partner. Nothing less.

We are only satisfied when we complete both of our missions with our customers. To us, impact means making a difference in both today's and tomorrow's business.

We have changed our name from ITR Group to itm8 and continue to work to create the most attractive ecosystem for ambitious IT talents and companies with a sharp focus on collaboration, innovation, development, and value creation.

In itm8, all customers and colleagues are partners with a common goal of strengthening the business today and creating tomorrow's business together.

Together with our fantastic colleagues and customers, we have created a group with huge growth potential. The itm8 name emphasizes our focus on active collaboration and desire to continue expanding the family through acquisitions.

In short, we want to be the best partner and teamm8 for customers and the most skilled specialists and companies in the IT industry.

An unusual year – yet we reached our ambitious targets

We aimed high. Organic growth, consolidation and strong operating results. Then the pandemic hit. Along with the rest of the world, we faced serious challenges. Nevertheless, we successfully strengthened our overall business in 2020.

2020 was an unusual and challenging year in many respects. Like the rest of the world, we and our customers had to adapt to a new remote-work reality. And we did! We consolidated our agility – and our ability to act efficiently in a remote-work reality – in terms of our approach to managing our business and our way of integrating digital tools in our day-to-day operations.

Dealing with COVID-19

Public spirit was top of the agenda in 2020. We delivered on all our agreements with suppliers and business partners. And in the spring, we pulled together and entered into a collective four-month agreement on salary reduction. Our aim was to avoid job cuts, and we succeeded.

Management's Review

Flexible business model

Many of our customers have experienced the value of our flexible business model during the pandemic. Customers who had to reduce the level of activity or lay off staff were able to very quickly adjust capacity in respect of data, support and the number of users under their hosting agreements. Thus, our change-ready business model demonstrated its ability to accommodate changing customer needs.

Intensified demand for digitisation and IT optimisation

Many companies had to arrange for some or all of their employees to work from home during the pandemic. This intensified the need for optimal IT solutions. We hold a strong position in this field and have played a pivotal role in enabling our customers to arrange efficient remote working.

Even though the pandemic will remain on the agenda in 2021, we are starting the new year on an upbeat note. We see a future where supporting companies on their digital journey becomes ever more important. We have every confidence that we can assist our customers on that journey.

Performance and activities for the year

In a year ridden with unforeseen challenges and with many industries having to reinvent themselves, we managed to strengthen our business, meeting the 2020 expectations of our owners, our customers and our business partners.

EBITDA exceeded DKK 157 million (DKK 102 million in 2019), including special M&A and integration-driven costs. Adjusted for these costs, underlying EBITDA came to DKK 178 million (DKK 131 million in 2019).

Growth for the year

Although the first half of the year was characterised by restraint and caution, we successfully continued to grow our business in 2020. Growth was driven by acquisitions, an inflow of new customers and more employees. Revenue grew by DKK 169 million to DKK 641 million from DKK 721 million in 2019 corresponding to a growth of 23%, while our team of employees expanded from 590 to 697.

Adding new expertise

During the year, we strengthened our position in the Danish market by acquiring a number of successful companies, i.e. Hostingkompagniet, C2IT Infrastructure, C2IT iØst and Scott/Tiger, a specialist IT services provider offering unique database, applications testing, operations and support expertise.

And we finished the year by acquiring Improsec, thus adding to our IT security skills. Cyber security is an increasingly important focus area for all companies, and we are excited to be expanding our business in that field.

Management's Review

At the cutting edge of remote working

During the national lockdown in 2020, there was great demand for digital tools and expertise to enhance the efficiency of remote working. Against this background, we set up a Remote Academy in the course of two weeks, a free learning and inspirational portal for our customers, employees and other stakeholders.

Among other things, Remote Academy provides remote working recommendations and video courses on online meetings, distance collaboration, home work station IT security, IT equipment and social cohesion on virtual channels.

At the same time, we converted our physical seminars and events into webinars. During the year, we hosted several online events with more than 4,000 participants – including Microsoft Teams training.

We aim to remain at the cutting edge of remote working.

Developing new innovative solutions

Development and innovative thinking drives growth. Accordingly, we developed a number of new IT solutions in 2020 to support our customers even better in overcoming their changing day-to-day challenges.

For instance, we launched Baseline Workplace in the recognition that many customers do not realise the full potential of Office 365. Baseline Workplace is a "get started" package for Office 365 that is intended to enhance collaboration, strengthen communications and improve document handling.

Cyber security was challenged once again in 2020 – especially because of the many remote workstations that were set up within a short time frame. By upgrading our Baseline Security solution with a Plus version containing an extra layer of security that enables even better identification and tracking of threats.

Controlling data security

Having documentation that we take proper care of our customers' data and systems and that we are well prepared to counter the growing cybercrime threat scenario not only makes us proud – it is also of great importance to us.

We have implemented the ISO 27001 standard throughout our organization in IT Relation A/S – including our data centres. This implies that we perform regular risk assessments and internal audits for purposes of ensuring the efficiency of our management system and procedures.

Green IT on the agenda

As a responsible IT service business, we're committed to taking our share of responsibility for the society we're part of. Climate change is real, and green measures are therefore high on our agenda.

Management's Review

We see ourselves as part of the solution and are committed to contributing towards reducing carbon emissions.

Technology is an important tool in fighting climate change. We believe a cloud-based infrastructure has significant environmental benefits. According to experts, companies switching to cloud-based services can reduce carbon emissions by at least 30% and sometimes by as much as 90%.

The cloud may be the way to reducing our carbon footprint

In recommending the cloud journey to our customers, the carbon footprint is therefore one of our main arguments. For the same reason, we launched "Azure Migrate Assessment" in 2020, an analysis that provides companies with an overview of the cloud journey. What is the optimal cloud journey for the company in question, what are the benefits, what should the next step be and – not least – what is the cost of the journey?

We are experiencing increasing demand for cloud solutions. Customers are beginning to realise the benefits: increased efficiency, mobility and security combined with a multitude of green benefits. We expect demand to continue to grow in the years ahead.

Partnering up with climate experts

Under the working title "Green IT", we worked on a number of green initiatives in 2020, partnering up with climate experts from Microsoft and The Footprint Firm in order to gain a broader perspective on the agenda.

This resulted in, among other things, a green IT webinar during which we, supported by sustainability guru Emil Skals of The Footprint Firm, offered our best recommendations for how to strengthen a company's green profile by means of IT. In 2020, we also prepared an e-book, "Din guide til grøn IT" (Your guide to green IT; available in Danish only), which pinpoints some of the low-hanging green IT fruits just waiting to be picked by our customers.

We have only just embarked on the green agenda and intend to persistently pursue our ambition to make a sizeable contribution towards reducing carbon emissions, not only through internal efforts but externally as well, focusing on steering our customers towards a greener IT profile.

What are we doing to reduce carbon emissions?

Consolidating data centres

We will continue to consolidate our data centres. Over the past two years, we have closed 11 data centres, eight of them in 2020.

Management's Review

100% carbon-neutral data centre setup

Our data centre setup (at Interxion) is 100% carbon-neutral. Interxion's data centre runs on (certified) green power, and our IT equipment at Interxion has no carbon emissions.

Switching to energy-efficient IT equipment

We are gradually replacing our IT equipment, servers and storage systems with more energy-efficientsolutions.

Saving power at data centres

We are gradually implementing power-saving measures at our data centres – for instance by replacing supply units, coolers and routing.

Using earth cooling at our locations

We are gradually replacing (redundant) IT equipment, servers and storage systems with more energyefficient solutions. We take our redundant IT equipment to an IT partner who ensures that it is recycled or disposed of in an environmentally appropriate manner.

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Outlook for 2021

We are starting the new year on an ambitious and optimistic note. Supported by strategic acquisitions, internationalisation and a powerful private equity fund, HG, we are strongly positioned to embrace the future. Our targets for 2021 are ambitious – in terms of both revenue and EBITDA.

We closed the year making a strategic acquisition of cyber security firm Improsec and strengthening a number of functions. 2021 began with acquisitions of Emineo, Copenhagen Software and Progressive, all with the purpose being to accelerate growth in key geographies, product areas and important markets.

In addition, through the acquisition of Itadel and its planned merger with IT Relation, we have gained access to a strategic customer segment and a scalable delivery platform with a nearshore setup in Prague.

Lastly, we made a strategic acquisition of Cloud Teams, reinforcing our platform for supporting our existing Business Solutions activities and new customers on their cloud transformation journey.

Balanced organic and acquisitive growth

Our ambitions for 2021 include sustained organic growth above the general market level in our core

Management's Review

business areas through new sales, additional sales to existing customers and cross sales. For 2021, a profit at least on par with 2020 is expected.

Furthermore, we will continue our acquisition strategy and expect the Group to grow revenue on the back of balanced organic and acquisitive growth in 2021.

We have generated solid acquisitive growth in Q1 2021 on the back of our strong acquisition strategy. In addition, in January, we successfully established a Professional Services platform in Sweden – an important milestone in the internationalisation of the itm8 Group.

We intend to strengthen our market position even further in 2021. We expect all our business areas to generate organic growth through new products, new concepts and new customers.

Sky-high cloud expectations

Ever more companies have embarked on the cloud journey, and we expect many more to follow suit in 2021. Therefore, we will step up our Azure Cloud efforts in the coming year.

Corporate digitisation is a business area that continues to grow. We are seeing growing interest in data management and are therefore also expanding our efforts in this area.

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

Developing work processes

We want 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 technologies we will employ to build even closer relations with customers and deliver improved customer service.

Premier IT solutions

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.

New family members

In 2020, we welcomed Hostingkompagniet to our family. A perfect match for our affiliate Sotea, the company was placed under Sotea's Cloud Services activities to strengthen our presence in eastern

Management's Review

Denmark.

In 2020, our parent company also acquired specialist IT services firm Scott/Tiger for purposes of merging it with Miracle 42 and creating a powerful professional services constellation. Our parent company also acquired C2IT Infrastructure and C2IT iØst and merged them with Mentor IT with a view to strengthening Mentor IT's resources and competencies.

Lastly, we acquired additional IT security muscle through the takeover of Improsec, a leading consultancy with unique technical cyber security expertise. This has given us a strong platform in the highly specialised cyber security market and made our family complete with all the requisite specialist capabilities under one roof.

Leveraging cross-organisational synergies

At itm8, we acknowledge that different companies have different needs. And 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 our affiliated companies. That way, we make sure that all customers get the best of all worlds.

Cloud Services	**Digital Solutions**	**Professional Services**	**Cyber Security**
IT outsourcing, Service Desk, Infrastructure, Hosting, Hardware/software.	SharePoint, Webportals, BI, CRM, IT development.	Oracle/SQL DBA, Database development, Monitoring, Performance tuning, etc.	Cyber security CoE, Advisory, consultancy, HAAS, SAAS.
IT Relation Mentor IT Sotea	IT Relation	Miracle 42 Scott/Tiger Emineo Copenhagen Software	Improsec

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
• 480 employees in Denmark and 31 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. At 1 January 2021, Scott/Tiger was merged with Miracle 42, strengthening our offering within Oracle Managed Services, Test Management, QA and Flexible Workforce. The merger means that we are now able to offer our customers an even broader and deeper product range.

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
• 88 employees

Mentor IT – Positive IT experiences every day

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

In 2020, C2IT Infrastructure and C2IT iØst became a part of Mentor IT, strengthening the company's resources and expertise in eastern Denmark. The merger has further enhanced Mentor IT's ability to embrace new technologies and made the company even more agile.

Facts:
• Esbjerg, Kolding, Aarhus, Ballerup, and Copenhagen
• 50 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 more than 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. In 2020, the Group acquired Hostingkompagniet and merged it with Sotea in 2021, thus strengthening the business platform in eastern Denmark.

Management's Review

Facts
• Silkeborg
• 31 employees

Improsec – Pragmatic IT security specialists

Improsec is an independent consultancy firm with unique technical cyber security capabilities. Having joined our family at the end of 2020, Improsec is the group's cyber security spearhead.

The company employs some of Denmark's most talented specialists in modern attack and defence techniques and advises on prioritising and implementing technical solutions to improve a company's security level.

In addition, Improsec tests corporate defences against malware and hacker attacks and helps companies harden their anti-threat infrastructures.

Facts
• Copenhagen
• 32 employees

Emineo – Leading Oracle and MySQL specialist

Emineo is Sweden's leading provider of Oracle and MySQL operation and management services and employs some of the sector's most talented specialists. Emineo is a certified Oracle audit compliance partner and offers database operation services, licence management and specialised consultancy services.

Emineo became a part of the itm8 Group at the beginning of 2021 and makes up our Professional Services offering together with Miracle42 and Copenhagen Software. Emineo will continue as an independent company under its own brand name. The group's first acquisition outside Denmark, the takeover of Emineo marks the beginning of a new chapter.

Facts
• Stockholm
• 22 employees

Copenhagen Software - Highly skilled IT architects and developers

Copenhagen Software is a Danish niche consultancy combining business strategy with digital solutions for Danish corporate customers. The company specialises in digital business development and offers advisory services within system architecture, Microsoft technology, implementation and development.

Copenhagen Software offers advanced consultancy services and aims to always have Denmark's best IT architects and developers. Copenhagen Software works closely with Miracle42, and the plan is for the two companies to merge in 2022.

Facts

Management's Review

• Charlottenlund
• 8 employees

Work culture and employee satisfaction

The workplace and working life are always in the process of change. Our needs change in step with technological developments and new ways of working. We must and will support this at itm8. We aim to be first movers when it comes to the workplace of tomorrow.

Work-as-an-agile Service

In 2020, remote working became a part of our new reality within a short time frame. We were forced to think differently and to change our ways of working and working together. The digital workplace became a reality within a few weeks.

Still, overall efficiency and employee satisfaction improved. We found that working from a distance, utilising technologies and saying goodbye to a strict 8-4 schedule entailed many benefits – for us as a Group, for our customers and for our employees.

Optimal individuality and ultimate sense of community

We have embraced the lessons learned and are in the process of redesigning itm8 as a workplace under the concept: "Work-as-an-agile Service". We aim high. We want to be first movers when it comes to the workplace of tomorrow. The concept is founded on the basic idea that "One way of working doesn't fit all".

We see our employees as individuals and feel a need to redesign itm8 as a workplace in order to better embrace individuality.

Bigger say in where, when and how

We want to practise optimal individuality. We want to give individual employees a bigger say in where, when and how the work should be carried out. We need to do this to unleash individual talent and drive mutual success.

At the same time, we see our employees as social beings who need to be part of a community – as a place to learn but also as a place to express themselves.

Part of a community

Therefore, we need to cultivate community spirit. We're on the same team. We've got each other. If we don't meet at the office, we talk and use each other as sounding boards via online channels.

Work-as-an-agile Service puts our employees first under the philosophy: your job, your responsibility, your choice. We're taking the lead and picking up the baton in creating an agile worklife that combines employee, customer and business needs.

Work-as-an-agile Service is an ongoing concept that we have only just embarked on. We will develop and adjust it on an ongoing basis to keep it aligned with our ever-changing world.

Working climate and job satisfaction

Job satisfaction and performance go hand in hand. They are inter-dependent. No one can deliver their best if they don't enjoy their work. With that in mind, we work continuously to enhance job satisfaction.

Monthly employee satisfaction surveys

In order to keep track of employee satisfaction, we survey all employees once a month. Using the Peakon tool, we survey each employee's job satisfaction, work environment, motivation and workload.

The survey is 100% anonymous, and employees are invited to rate us and provide comments. We use the results constructively to enhance job satisfaction.

In 2020, the average satisfaction score was 8.3 on a scale of 1-10 (by comparison, the score was 8.0 in 2019). The score is given high priority across the entire organisation, and employee satisfaction will remain an important focus area going forward.

The survey is 100% anonymous, and employees are invited to rate us and provide comments. We use the results constructively – both at departmental level and at overall company level. We hold regular review meetings to discuss and define future initiatives. It is important for us to always be in tune with our employees and to take action to improve the working environment of the individual as well as the work culture across the Group.

Appreciation and digital recognition

Our work culture is a culture of appreciation, and we believe that recognition is one of the most powerful motivational factors for our employees. During the lockdown, our appreciative, face-to-face-recognition approach was challenged.

In the past year, we therefore launched a number of new digital initiatives, including weekly video greetings where all employees are encouraged to share good stories and recognise colleagues or departments that have made a special effort.

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 here at itm8 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. Over the past two years, we have closed 11 data centres, eight of them in 2020.

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.

100% carbon-neutral data centre setup

Our data centre setup (at Interxion) is 100% carbon-neutral. Interxion's data centre runs on (certified) green power, and our IT equipment at Interxion has no carbon emissions.

Replacing and recycling IT equipment

We have developed procedures for the lifecycle of our IT equipment, and we gradually replace (redundant) IT equipment, servers and storage systems with more energy-efficient solutions. We take our redundant IT equipment to certified suppliers with whom we have entered into formalised agreements. They ensure that the equipment is recycled or disposed of in an environmentally appropriate manner.

Working remotely for the benefit of the environment

Every year, itm8 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.

Carbon footprint analysis

Every year, itm8 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.

Management's Review

CSR risks

Social and employee matters

Risk	**Mitigating actions**
Not being able to attract and retain talent	• 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 • Employee pay and staff benefits proposition
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 supplier contracts

Management's Review

Climate change and environment

Risk	Mitigating actions
Increased energy costs	• Carbon footprint • Energy consumption – we continuously measure our energy consumption at our data centres

CSR policy

<table>
<tr><th>Social and employee matters</th><th></th></tr>
<tr><td>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 2020
• 100% of new employees completed Code of Conduct training in 2020</td><td>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 2020
• Average number of employees FTE: 697
• In the past year, the number of employees increased from 590 to 697
• Reported accidents: 4
• The average sickness rate is at 2%
• Monthly employee engagement survey scores 8.3 out of 10
• Employee eNPS score (Employee Net Promoter Score) is at 39 (market average)</td></tr>
</table>

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 2020 • 100% of new employees completed Code of Conduct training in 2020 • No instances of corruption were reported in 2020	Climate change policy We recognise the risks related to climate change and are committed to cutting our emissions. To reduce the impact of itm8 on the environment, we aim to consolidate and optimise our data centres. Accordingly, we have closed 11 data centres over the past two years, eight of them in 2020. In addition, we continuously focus on replacing and investing in new IT equipment with lower energy consumption. CSR key figures and ratios for 2020 • Carbon footprint – we started measuring our carbon footprint in 2019 to focus on our impact on climate change – and to launch initiatives that minimise the impact. Our total greenhouse gas emissions were 1.262,78 tonnes of CO2 in 2020, equivalent to 1.67 tonnes of CO2 per employee (2019: 2.28 tonnes of CO2 per employee).

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 intensified our focus on cyber security by increasing the protection of 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 itm8 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•We are ISO 27001-certified (information security)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.

Gender balance initiatives in 2020

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.
• Since the top management level of Iter MidCo Group consists of only one man, there is no further

requirement to report on gender representation at the top management level, according to the Danish Business Authority's guidance.

The share of female managers was unchanged in financial year 2020. 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 2020	Group 2019	Parent 2020	Parent 2019
		KDKK	KDKK	KDKK	KDKK
Revenue	2	**890,355**	**721,115**	**0**	**0**
Other operating income		239	40	0	0
Direct costs		-298,754	-247,359	0	0
Other external expenses		-78,029	-79,054	-26	23
Gross profit/loss		**513,811**	**394,742**	**-26**	**23**
Staff expenses	3	-356,801	-292,729	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-156,293	-139,230	0	0
Profit/loss before financial income and expenses (EBIT)		**717**	**-37,217**	**-26**	**23**
Financial income	4	1,440	538	76,843	70,634
Financial expenses	5	-166,057	-150,224	-76,843	-70,634
Profit/loss before tax		**-163,900**	**-186,903**	**-26**	**23**
Tax on profit/loss for the year	6	-21,091	-11,980	6	-5
Net profit/loss for the year		**-184,991**	**-198,883**	**-20**	**18**

Balance Sheet 31 December

Assets

		Group		Parent	
	Note	2020	2019	2020	2019
		KDKK	KDKK	KDKK	KDKK
Completed development projects		3,057	3,389	0	0
Acquired licenses		928	1,081	0	0
Customer relationships		565,910	597,810	0	0
Goodwill		1,489,733	1,364,132	0	0
Development projects in progress		3,284	2,210	0	0
Intangible assets	7	**2,062,912**	**1,968,622**	**0**	**0**
Other fixtures and fittings, tools and equipment		59,623	59,065	0	0
Leasehold improvements		1,282	1,736	0	0
Property, plant and equipment	8	**60,905**	**60,801**	**0**	**0**
Investments in subsidiaries	9	0	0	440,214	404,320
Receivables from group enterprises	10	0	0	951,053	874,210
Other investments	10	8	8	0	0
Deposits	10	2,804	2,460	0	0
Other receivables	10	94	279	0	0
Fixed asset investments		**2,906**	**2,747**	**1,391,267**	**1,278,530**
Fixed assets		**2,126,723**	**2,032,170**	**1,391,267**	**1,278,530**
Inventories		**2,624**	**1,865**	**0**	**0**

Balance Sheet 31 December

Assets

		Group		Parent	
	Note	2020	2019	2020	2019
		KDKK	KDKK	KDKK	KDKK
Trade receivables		107,285	92,121	0	0
Contract work in progress		6,133	4,879	0	0
Receivables from group enterprises		925	362	47	64
Other receivables		13,310	8,210	0	0
Deferred tax asset	13	30,713	35,220	0	0
Corporation tax		0	0	6	0
Prepayments	11	5,956	8,296	0	0
Receivables		**164,322**	**149,088**	**53**	**64**
Cash at bank and in hand		**148,981**	**85,504**	**13**	**0**
Currents assets		**315,927**	**236,457**	**66**	**64**
Assets		**2,442,650**	**2,268,627**	**1,391,333**	**1,278,594**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2020	Group 2019	Parent 2020	Parent 2019
		KDKK	KDKK	KDKK	KDKK
Share capital		50	50	50	50
Retained earnings		-52,153	96,958	440,104	404,229
Equity		**-52,103**	**97,008**	**440,154**	**404,279**
Other provisions		32,500	26,000	0	0
Provisions		**32,500**	**26,000**	**0**	**0**
Subordinate loan capital		951,053	874,210	951,053	874,210
Credit institutions		1,273,666	1,108,942	0	0
Lease obligations		3,403	3,851	0	0
Other payables		34,418	1,979	0	0
Long-term debt	14	**2,262,540**	**1,988,982**	**951,053**	**874,210**
Credit institutions	14	505	323	0	0
Lease obligations	14	2,505	2,476	0	0
Prepayments received from customers		8,459	8,085	0	0
Trade payables		52,167	39,645	0	0
Payables to group enterprises		0	0	103	76
Corporation tax		14,778	8,512	0	4
Other payables	14	103,168	80,094	23	25
Deferred income	15	18,131	17,502	0	0
Short-term debt		**199,713**	**156,637**	**126**	**105**
Debt		**2,462,253**	**2,145,619**	**951,179**	**874,315**
Liabilities and equity		**2,442,650**	**2,268,627**	**1,391,333**	**1,278,594**

Subsequent events	1
Distribution of profit	12
Contingent assets, liabilities and other financial obligations	18
Related parties	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	50	96,958	97,008
Exchange adjustments	0	-15	-15
Contribution from group	0	35,895	35,895
Net profit/loss for the year	0	-184,991	-184,991
Equity at 31 December	**50**	**-52,153**	**-52,103**

Parent

	Share capital	Retained earnings	Total
Equity at 1 January	50	404,229	404,279
Contribution from group	0	35,895	35,895
Net profit/loss for the year	0	-20	-20
Equity at 31 December	**50**	**440,104**	**440,154**

Cash Flow Statement 1 January - 31 December

	Note	Group 2020	Group 2019
		KDKK	KDKK
Net profit/loss for the year		-184,991	-198,883
Adjustments	16	349,395	300,896
Change in working capital	17	50,205	8,893
Cash flows from operating activities before financial income and expenses		**214,609**	**110,906**
Corporation tax paid		-12,716	-1,953
Cash flows from operating activities		**201,893**	**108,953**
Purchase of intangible assets		-5,044	-6,072
Purchase of property, plant and equipment		-30,891	-32,890
Change in other financial assets		278	141
Sale of property, plant and equipment		272	741
Business acquisition		-189,572	-217,613
Cash flows from investing activities		**-224,957**	**-255,693**
Proceeds from borrowings		164,447	233,424
Change in lease obligations		-419	3,497
Change in other long-term debt		-2,164	4,545
Cash contribution		11,895	32,815
Net financials		-87,400	-73,290
Cash flows from financing activities		**86,359**	**200,991**
Change in cash and cash equivalents		**63,295**	**54,251**
Cash and cash equivalents at 1 January		85,181	30,930
Cash and cash equivalents at 31 December		**148,476**	**85,181**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		148,981	85,504
Credit institutions		-505	-323
Cash and cash equivalents at 31 December		**148,476**	**85,181**

Notes to the Financial Statements

1 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

2 Revenue

	Group		Parent	
	2020	2019	2020	2019
	KDKK	KDKK	KDKK	KDKK
Business segments				
Cloud services	816,430	668,986	0	0
Other revenue	73,925	52,129	0	0
	890,355	**721,115**	**0**	**0**

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

3 Staff expenses

	Group 2020 KDKK	Group 2019 KDKK	Parent 2020 KDKK	Parent 2019 KDKK
Wages and salaries	336,534	271,045	0	0
Pensions	13,919	16,462	0	0
Other social security expenses	3,487	2,992	0	0
Other staff expenses	2,861	2,230	0	0
	356,801	**292,729**	**0**	**0**
Average number of employees	**697**	**590**	**0**	**0**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Notes to the Financial Statements

	Group		Parent	
	2020	2019	2020	2019
	KDKK	KDKK	KDKK	KDKK

4 Financial income

Interest from group enterprises	0	0	76,843	70,634
Other financial income	1,440	538	0	0
	1,440	**538**	**76,843**	**70,634**

5 Financial expenses

Interest to group enterprises	76,843	70,634	76,843	70,634
Other financial expenses	89,214	79,590	0	0
	166,057	**150,224**	**76,843**	**70,634**

6 Tax on profit/loss for the year

Current tax for the year	16,970	8,306	-6	5
Deferred tax for the year	4,135	3,414	0	0
Adjustment of tax concerning previous years	-14	260	0	0
	21,091	**11,980**	**-6**	**5**

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	4,026	2,748	640,648	1,463,820	2,210
Net effect from acquisition	0	0	0	214,622	0
Additions for the year	99	2,513	0	0	2,432
Disposals for the year	0	-46	0	0	0
Transfers for the year	1,358	0	0	0	-1,358
Cost at 31 December	5,483	5,215	640,648	1,678,442	3,284
Impairment losses and amortisation at 1 January	637	1,667	42,838	99,688	0
Adjustments	0	0	-100	100	0
Amortisation for the year	1,789	2,666	32,000	88,921	0
Reversal of amortisation of disposals for the year	0	-46	0	0	0
Impairment losses and amortisation at 31 December	2,426	4,287	74,738	188,709	0
Carrying amount at 31 December	**3,057**	**928**	**565,910**	**1,489,733**	**3,284**

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
	KDKK	KDKK
Cost at 1 January	93,643	2,905
Exchange adjustment	-40	0
Net effect from merger and acquisition	531	0
Additions for the year	30,891	0
Disposals for the year	-135	0
Cost at 31 December	124,890	2,905
Impairment losses and depreciation at 1 January	34,578	1,169
Exchange adjustment	-11	0
Depreciation for the year	30,463	454
Reversal of impairment and depreciation of sold assets	237	0
Impairment losses and depreciation at 31 December	65,267	1,623
Carrying amount at 31 December	**59,623**	**1,282**
Including assets under finance leases amounting to	5,658	0

Notes to the Financial Statements

9 Investments in subsidiaries

	Parent 2020	Parent 2019
	KDKK	KDKK
Cost at 1 January	404,320	371,505
Addition, capital contribution to subsidiaries	35,894	32,815
Cost at 31 December	440,214	404,320
Value adjustments at 1 January	0	0
Value adjustments at 31 December	0	0
Carrying amount at 31 December	**440,214**	**404,320**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
ITM8 BidCo ApS	Gentofte	50	100%

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	2,460	279	874,210
Net effect from merger and acquisition	0	418	0	0
Additions for the year	0	364	0	76,843
Disposals for the year	0	-438	-185	0
Cost at 31 December	8	2,804	94	951,053
Carrying amount at 31 December	**8**	**2,804**	**94**	**951,053**

11 Prepayments

Prepayments comprise prepaid expenses concerning rent, data lines, insurance premiums, sponsorships, licences etc.

Notes to the Financial Statements

12 Distribution of profit

	Parent 2020	Parent 2019
	KDKK	KDKK
Retained earnings	-20	18
	-20	**18**

13 Deferred tax asset

	Group 2020	Group 2019	Parent 2020	Parent 2019
	KDKK	KDKK	KDKK	KDKK
Deferred tax asset at 1 January	35,220	-840	0	0
Amounts recognised in the income statement for the year	-4,135	-3,414	0	0
Amounts recognised in equity for the year	-372	39,474	0	0
Deferred tax asset at 31 December	**30,713**	**35,220**	**0**	**0**

Notes to the Financial Statements

14 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:

	Group		Parent	
	2020	2019	2020	2019
	KDKK	KDKK	KDKK	KDKK
Subordinate loan capital				
After 5 years	951,053	874,210	951,053	874,210
Long-term part	951,053	874,210	951,053	874,210
Within 1 year	0	0	0	0
	951,053	**874,210**	**951,053**	**874,210**
Credit institutions				
After 5 years	0	1,108,942	0	0
Between 1 and 5 years	1,273,666	0	0	0
Long-term part	1,273,666	1,108,942	0	0
Other short-term debt to credit institutions	505	323	0	0
	1,274,171	**1,109,265**	**0**	**0**
Lease obligations				
Between 1 and 5 years	3,403	3,851	0	0
Long-term part	3,403	3,851	0	0
Within 1 year	2,505	2,476	0	0
	5,908	**6,327**	**0**	**0**
Other payables				
Between 1 and 5 years	34,418	1,979	0	0
Long-term part	34,418	1,979	0	0
Other short-term payables	103,168	80,094	23	25
	137,586	**82,073**	**23**	**25**

Notes to the Financial Statements

15 Deferred income

Deferred income comprises income in subsequent financial years.

16 Cash flow statement - adjustments

	Group	
	2020	2019
	KDKK	KDKK
Financial income	-1,440	-538
Financial expenses	166,057	150,224
Depreciation, amortisation and impairment losses, including losses and gains on sales	156,293	139,230
Tax on profit/loss for the year	21,091	11,980
Other adjustments	7,394	0
	349,395	**300,896**

17 Cash flow statement - change in working capital

	2020	2019
Change in inventories	-759	-129
Change in receivables	7,551	2,919
Change in trade payables, etc	43,413	6,103
	50,205	**8,893**

	Group		Parent	
	2020	2019	2020	2019
	KDKK	KDKK	KDKK	KDKK

18 Contingent assets, liabilities and other financial obligations

Charges and security

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

	Group 2020 KDKK	Group 2019 KDKK	Parent 2020 KDKK	Parent 2019 KDKK
Investments in subsidiaries	0	0	440,214	404,320
Receivables from group enterprises	0	0	951,053	874,210

Rental and lease obligations

The group has concluded leases with different periods of notice. The rent in the period of notice amounts to DKK 19,498k.
The group has also concluded leases on cars. The lease payment up to the end of the lease term amounts to DKK 6,889k.

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of ITM8 TopCo ApS, which is the management company of the joint taxation purposes. 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.

19 Related parties

	Basis
Controlling interest	
ITM8 TopCo ApS	Principal shareholder

Transactions

During the year, there have been no transactions that have not been made on an arm’s length basis.

Notes to the Financial Statements

		Group		Parent	
		2020	2019	2020	2019
		KDKK	KDKK	KDKK	KDKK
20	**Fee to auditors appointed at the general meeting**				
	PricewaterhouseCoopers				
	Audit fee	651	541	0	0
	Other assurance engagements	238	204	0	0
	Tax advisory services	40	86	0	0
	Other services	578	1,658	0	0
		1,507	**2,489**	**0**	**0**
	Visitsen & Lunde				
	Audit fee	0	40	0	0
	Other assurance engagements	0	19	0	0
	Tax advisory services	7	0	0	0
	Other services	2,158	1,070	0	0
		2,165	**1,129**	**0**	**0**
	Beierholm				
	Audit fee	100	0	0	0
		100	**0**	**0**	**0**
	Inforevision				
	Audit fee	3	0	0	0
	Other services	8	0	0	0
		11	**0**	**0**	**0**
		3,783	**3,618**	**0**	**0**

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of ITM8 MidCo ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2020 are presented in KDKK.

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, ITM8 MidCo 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 Company'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

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.
- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.
- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the finan-

cial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.

- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.

- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

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.

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.

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

Notes to the Financial Statements

21 Accounting Policies (continued)

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 indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

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.

Financial income and expenses

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

Notes to the Financial Statements

21 Accounting Policies (continued)

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 Danish Group entities. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

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.

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
Leasehold improvements	3-5	years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

21 Accounting Policies (continued)

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

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

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 other 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.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

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

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

Notes to the Financial Statements

21 Accounting Policies (continued)

entity.

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.

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

Notes to the Financial Statements

21 Accounting Policies (continued)

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 ”Overdraft facilities”.

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