

Atos IT Solutions and Services A/S

Dybendalsvænget 3, 2630 Taastrup

CVR no. 33 05 10 34

Annual report 2020

Approved at the Company's annual general meeting on 6 April 2021

Chairman:


.....
Jens Fettig

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Atos IT Solutions and Services A/S for the financial year 1 January - 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Taastrup, 6 April 2021
Executive Board:

.....
Harri Petteri Saikkonen

.....
Claus Henrik Larsen

.....
Harmen Adriaan Kes

Board of Directors:

.....
Peter 't Jong
Chairman

.....
William James Donovan

.....
Harri Petteri Saikkonen

Independent auditor's report

To the shareholder of Atos IT Solutions and Services A/S

Opinion

We have audited the financial statements of Atos IT Solutions and Services A/S for the financial year 1 January - 31 December 2020, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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 rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 the 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 skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

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

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 6 April 2021
Grant Thornton
Statsautoriseret Revisionspartnerselskab
CVR no. 34 20 99 36

Michael Beuchert
State Authorised Public Accountant
mne32794

Management's review

Company details

Name	Atos IT Solutions and Services A/S
Address, Postal code, City	Dybendalsvænget 3, 2630 Taastrup
CVR no.	33 05 10 34
Established	1 July 2010
Registered office	Taastrup
Financial year	1 January - 31 December
Board of Directors	Peter 't Jong, Chairman William James Donovan Harri Petteri Saikkonen
Executive Board	Harri Petteri Saikkonen Claus Henrik Larsen Harmen Adriaan Kes
Auditors	Grant Thornton Statsautoriseret Revisionspartnerselskab Stockholmsgade 45, 2100 København Ø

Management's review

Financial highlights

DKK'000	2020	2019	2018	2017	2016
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Key figures

Revenue	255,064	278,673	286,836	333,546	417,742
Gross profit	-12,722	1,984	11,539	16,125	48,703
Operating profit/loss	-28,540	-14,532	-12,594	-8,768	6,783
Net financials	-111	-2,418	247	-198	-5,867
Profit/loss for the year	-28,952	-17,566	-13,343	-8,966	916

Total assets	220,947	115,801	176,840	154,473	181,575
Equity	57,613	34,368	52,016	65,493	75,007

Financial ratios

Gross margin	-5.0%	0.7%	4.0%	4.8%	11.7%
EBITDA-margin	-9.8%	-3.0%	-2.2%	-2.6%	1.6%
Equity ratio	26.1%	29.7%	29.4%	42.4%	41.3%
Return on equity	-63.0%	-40.7%	-22.7%	-12.8%	1.2%

Average number of employees	108	98	97	107	134
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Financial ratios are calculated in accordance with the Danish Finance Society's recommendations. For terms and definitions, please see the accounting policies.

Management's review

Business review

Atos S.E., the ultimate parent company, is a global digital services leader. Serving a global client base, the group is the European leader in Big Data, Cybersecurity, Digital Workplace and provides Cloud services, Infrastructure & Data Management, Business & Platform solutions.

Atos is focused on business technology that powers progress and helps organizations to create their future of the future.

Atos headquarters are based in Bezons (France). Atos IT Solutions and Services A/S is part of the Global Business Unit Benelux & The Nordics.

With the goal of being the preferred digital IT partner in the Nordics. Atos Nordics is bundling technological expertise and a wide range of solutions of the Atos operating companies of Denmark, Finland, Estonia and Sweden. Atos Nordics supports companies in their digital transformation and helps them future-proof their business.

During 2020, no major changes have been generated with existing customer agreements, contract renewals are signed with existing customers. The company continued the focus on customer satisfaction, increasing market share and leveraging global and local capabilities.

Financial review

In 2020 the company continued the path of continuous performance improvement and finalized the year with a, non-satisfying, loss of 28,915 KDKK. As in 2019, in 2020 the company continued programs to improve efficiency and customer satisfaction.

The net turnover for 2020 declined compared to 2019 due to ending projects.

Atos had on average 108 employees in 2020.

As per the end of 2020 it was decided to strengthen the equity and perform a capital injection of 7,0mEUR 52,072 KDKK).

Non-financial matters

In 2020 William Donovan replaced Daniela Bünger in the board of directors.

"SPRING" program: moving the Group to an Industry approach

As of 2020, the Group initiated a transformation program, called "SPRING", aiming at reshaping its portfolio of offerings, reinforcing its go-to-market approach, and setting-up an Industry led organization.

In this context, six Industries are created:

- ▶ Manufacturing
- ▶ Financial Services & Insurance
- ▶ Public Sector & Defense
- ▶ Telecom, Media & Technology
- ▶ Resources & Services
- ▶ Healthcare & Life Sciences

At the same time, the Company gathers Global Business Units into 5 Regional Business Units, each of them under a single leadership.

Atos Denmark is part of the RBU Northern Europe.

Northern Europe is a merger of former United Kingdom & Ireland, and Benelux & The Nordics.

Management's review

Knowledge resources

The Atos group is committed to developing and deploying new and innovative digital solutions to address our customers' challenges.

It is a key parameter for competitive advantage to have the right competencies and knowledge-resources. Atos has a large number of highly specialized employees, and emphasizes ongoing training and development to maintain this level.

Atos' knowledge-resources are shared worldwide.

Atos is committed to increasing the Atos GreatPlaceToWork Trust Index® reflecting employee's satisfaction to Top 10% Industry benchmark.

In the Atos group great emphasis is made on developing new and highly specialized solutions to address our customers' challenges.

Special risks

▶ Market risks

Atos IT Solutions and Services A/S is facing continuous development and growth of competition in different segments of its business. This is likely to result in increased competitive pressure on pricing and volumes. The company considers these factors when determining its overall business strategy and operating plans while monitoring the execution continuously. The company is prepared to take moderate risks to realize its strategic ambitions.

▶ Risks related to contracts and performance

The main risks and uncertainties Atos IT Solutions and Services A/S is facing, includes the adequate execution of business contracts with continuous pressure on pricing and operational excellence, while continuously considering a low risk appetite. Atos IT Solutions and Services A/S is continuously focusing on ensuring the continuity of its service delivery, regardless of circumstances.

Atos IT Solutions and Services A/S aims at reducing risks that threatens the continuity as much as possible. The risk acceptance in this regard is very low. Regarding employees, the risk of technical knowledge is mitigated by training.

Atos IT Solutions and Services A/S does not have significant concentrations of credit risk.

Regarding currency risk, the adopted policy for managing foreign exchange position is to hedge any material exposure as soon as it occurs.

Statutory CSR report

It is the Company's sense of purpose to contribute fully and actively to making the digital space safe, secure and sustainable for our customers and all who work in the Company, in line with its stated fiduciary and social responsibility.

<https://atos.net/content/investors-documents/ir-2019/atos-integrated-report-2019-en.pdf>

Atos is widely credited with the highest standards for its pioneering efforts in sustainability. More information can be found on the Group website.

Events after the balance sheet date

The COVID-19 crisis started to emerge in the first half-year and has been severe, at a human, healthcare and societal level, and the outlook is challenging in the short, and medium term.

It is already having deep economic repercussions for individuals, business and nations. In addition, it has come at a moment when the economic and financial scenario was already in turmoil; inverted yield curves, disruptions in the repo market, pre-recession in several countries and an oil price war emerging.

January 2021, the group announced the next and last phase of the "SPRING" program. It is likely that the organization will implement minor changes to comply with the target operational model. In the beginning of April 2021, Atos will move its address to Stensmosevej 15, 2620 Albertslund.

Management's review

Outlook

The virus outbreak in 2020 is likely to be the first of several waves impacting delay in economic recovery. The company's management team expect a "new normal" not a "going back to normal".

The Coronavirus (Covid-19) outbreak does not have significantly affected the operations and performance of Atos Denmark to date.

In order to mitigate the impact of the potential disruptions, in business and finance operations, management has organized weekly meetings to monitor the impact and take additional measures if necessary.

In combination with the group's financial position and available committed finance arrangements, the impact of COVID-19, is not expected to impair the ability to meet the company's obligations towards our clients.

The Company will continue supporting its clients with high quality services and cost-effective solutions, leveraging the Atos Group's global capabilities in Europe and in emerging countries (offshore centres). The company remains ready to react fast and respond to a change in the economic environment in Denmark.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2020	2019
	Revenue	255,063,928	278,672,565
11,2	Production costs	-267,786,087	-276,688,510
	Gross profit	-12,722,159	1,984,055
	Distribution costs	-8,087,422	-7,368,961
11	Administrative expenses	-7,730,282	-9,146,895
	Operating profit/loss	-28,539,863	-14,531,801
	Other operating expenses	-300,632	-616,433
	Profit/loss before net financials	-28,840,495	-15,148,234
	Financial income	185,300	607,692
	Financial expenses	-296,481	-3,025,257
	Profit/loss before tax	-28,951,676	-17,565,799
	Tax for the year	0	0
	Profit/loss for the year	-28,951,676	-17,565,799

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2020</u>	<u>2019</u>
	ASSETS		
	Fixed assets		
3	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	13,363,150	6,396,954
	Leasehold improvements	0	0
		<u>13,363,150</u>	<u>6,396,954</u>
4	Investments		
	Deposits, investments	1,315,180	1,315,180
		<u>1,315,180</u>	<u>1,315,180</u>
	Total fixed assets	<u>14,678,330</u>	<u>7,712,134</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	14,363,282	6,779,742
5	Work in progress	3,602,201	2,438,324
	Receivables from group enterprises	876,348	3,147,402
	Other receivables	773,017	1,508,514
6	Prepayments	12,830,277	5,753,947
		<u>32,445,125</u>	<u>19,627,929</u>
	Cash	<u>173,823,121</u>	<u>88,460,595</u>
	Total non-fixed assets	<u>206,268,246</u>	<u>108,088,524</u>
	TOTAL ASSETS	<u>220,946,576</u>	<u>115,800,658</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2020</u>	<u>2019</u>
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	10,000,000	10,000,000
	Retained earnings	47,612,723	24,368,284
	Total equity	<u>57,612,723</u>	<u>34,368,284</u>
	Liabilities other than provisions		
8	Non-current liabilities other than provisions		
	Other payables	9,143,024	2,713,038
		<u>9,143,024</u>	<u>2,713,038</u>
	Current liabilities other than provisions		
5	Work in progress	936,668	415,574
	Trade payables	113,922,713	45,419,341
	Payables to group enterprises	5,774,863	6,428,982
	Other payables	25,990,016	19,374,813
10	Deferred income	7,566,569	7,080,626
		<u>154,190,829</u>	<u>78,719,336</u>
	Total liabilities other than provisions	<u>163,333,853</u>	<u>81,432,374</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>220,946,576</u></u>	<u><u>115,800,658</u></u>

- 1 Accounting policies
- 12 Contractual obligations and contingencies, etc.
- 13 Related parties
- 14 Appropriation of profit/loss

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	Equity at 1 January 2020	10,000,000	24,368,284	34,368,284
14	Transfer, see "Appropriation of profit/loss"	0	-28,951,676	-28,951,676
	Capital injection	0	52,072,230	52,072,230
	Adjustment of hedging instruments at fair value	0	123,885	123,885
	Equity at 31 December 2020	<u>10,000,000</u>	<u>47,612,723</u>	<u>57,612,723</u>

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Atos IT Solutions and Services A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Atos SE.

Reporting currency

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

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Also, provision for losses on construction contracts is recognised.

Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation. Sales and marketing costs are recognised in the income statement when the Company obtains control of the sales or marketing product.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	3-10 years
Leasehold improvements	3-5 years

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Work in progress

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Grants without consideration within a group

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Grants to a parent company without consideration are taken to equity as a dividend distribution, whereas grants received from the parent company are recognised under "Retained earnings in equity" in the balance sheet as a capital injection.

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

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

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Gross margin ratio	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
EBITDA-margin	$\frac{\text{Earnings before interest, taxes and amortisations (EBITDA)} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2020	2019
2 Depreciation of property, plant and equipment		
Depreciation of property, plant and equipment	3,773,983	6,805,919
	3,773,983	6,805,919

Depreciation of property, plant and equipment is recognised in the income statement under the following items:

Production costs	3,773,983	6,805,919
	3,773,983	6,805,919

3 Property, plant and equipment

DKK	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2020	104,173,256	3,197,878	107,371,134
Additions	11,040,811	0	11,040,811
Disposals	-1,499,428	0	-1,499,428
Cost at 31 December 2020	113,714,639	3,197,878	116,912,517
Impairment losses and depreciation at 1 January 2020	97,776,302	3,197,878	100,974,180
Depreciation	3,773,983	0	3,773,983
Reversal of accumulated depreciation and impairment of assets disposed	-1,198,796	0	-1,198,796
Impairment losses and depreciation at 31 December 2020	100,351,489	3,197,878	103,549,367
Carrying amount at 31 December 2020	13,363,150	0	13,363,150

4 Investments

DKK	Deposits, investments
Cost at 1 January 2020	1,315,180
Cost at 31 December 2020	1,315,180
Carrying amount at 31 December 2020	1,315,180

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	<u>2020</u>	<u>2019</u>
5 Work in progress		
Selling price of work performed	3,602,201	2,438,324
Progress billings	-936,668	-415,574
	<u>2,665,533</u>	<u>2,022,750</u>
recognised as follows:		
Work in progress(assets)	3,602,201	2,438,324
Work in progress(liabilities)	-936,668	-415,574
	<u>2,665,533</u>	<u>2,022,750</u>

6 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, primarily service arrangements.

7 Share capital

No shares have special rights.

The Company's share capital has remained DKK 10,000,000 over the past 5 years.

8 Non-current liabilities other than provisions

Of the long-term liabilities, no payments falls due after more than 5 years after the balance sheet date.

9 Provisions

Restructuring and other provisions comprise provisions for loss on contracts.

10 Deferred income

Deferred income consists of payments received from customers that may not be recognised until the subsequent financial year.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	<u>2020</u>	<u>2019</u>
11 Staff costs		
Wages/salaries	81,347,632	75,064,479
Pensions	8,818,844	7,781,176
Other staff costs	-1,048,584	-551,726
	<u>89,117,892</u>	<u>82,293,929</u>

Staff costs are recognised as follows in the financial statements:

Production	83,783,877	77,099,606
Administration	5,334,015	5,194,323
	<u>89,117,892</u>	<u>82,293,929</u>

Average number of full-time employees	<u>108</u>	<u>98</u>
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Remuneration to members of Management:

Executive Board	1,685,333	1,639,023
	<u>1,685,333</u>	<u>1,639,023</u>

Part of the remuneration to the Company's Executive Board is paid by the parent Company.

12 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

Rent and lease liabilities	<u>13,540,049</u>	<u>6,436,516</u>
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Rent and lease liabilities include a rent obligation totalling DKK 4,422,028 in interminable rent agreements with remaining contract terms of 0-6 years. Furthermore, the Company has liabilities under operating leases for cars and IT, totalling DKK 9,118,021, with remaining contract terms of 1-5 years.

Financial statements 1 January - 31 December

Notes to the financial statements

13 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Atos SE	River Quest, 80 Quai Voltaire 95877 Bezonz cedex, France	By contacting the Company or on the website www.atos.net/en

Related party transactions

Atos IT Solutions and Services A/S was engaged in the below related party transactions:

DKK	2020	2019
Sale of services	36,345,247	31,374,519
Purchase of services	68,242,055	92,375,236
Management fee	10,114,883	15,057,934
Group grants	52,072,230	0
Receivables from group enterprises	3,980,635	3,147,402
Payables to group enterprises	8,882,374	6,428,982

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
Atos International BV	Burgemeester Rijnderslaan 30, 1185 MC Amsteeven, The Netherlands

14 Appropriation of profit/loss

Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	-28,951,676	-17,565,799
	-28,951,676	-17,565,799