

Atos IT Solutions and Services A/S


Stensmosevej 15, 2620 Albertslund

CVR no. 33 05 10 34

Annual report 2022

Approved at the Company's annual general meeting on 23 May 2023

Chair of the meeting:

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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 2022.

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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

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, 22 May 2023
Executive Board:

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Harri Petteri Saikkonen
CEO

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Eite Gert Everts
Director

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Nilesh Sakarikar
Director

Board of Directors:

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Clay Van Doren
Chair

DocuSigned by:

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Harri Petteri Saikkonen

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William James Donovan

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 2022, 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 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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, 22 May 2023

Grant Thornton

Statsautoriseret Revisionspartnerselskab

CVR no. 34 20 99 36

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Michael Beuchert

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Michael Beuchert

State Authorised Public Accountant

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Management's review

Company details

Name	Atos IT Solutions and Services A/S
Address, Postal code, City	Stensmosevej 15, 2620 Albertslund
CVR no.	33 05 10 34
Established	1 July 2010
Registered office	Albertslund
Financial year	1 January - 31 December
Board of Directors	Clay Van Doren, Chair Harri Petteri Saikkonen William James Donovan
Executive Board	Harri Petteri Saikkonen, CEO Eite Gert Everts, Director Nilesh Sakarikar, Director
Auditors	Grant Thornton Statsautoriseret Revisionspartnerselskab Stockholmsgade 45, 2100 København Ø

Management's review

Financial highlights

DKK'000	2022	2021	2020	2019	2018
Key figures					
Revenue	195,064	218,725	255,064	278,673	286,836
Gross profit	-11,709	9,160	-11,064	1,984	11,539
Operating profit/loss	-30,999	-14,955	-28,540	-14,532	-12,594
Net financials	-2,425	-1,342	-111	-2,418	247
Profit/loss for the year	-33,558	-17,437	-28,952	-17,566	-13,343
Balance sheet					
Total assets	109,494	130,116	220,946	115,801	176,840
Investments in property, plant and equipment	1,204	5,489	11,041	1,903	4,549
Equity	7,224	40,076	57,613	34,368	52,016
Financial ratios					
Gross margin	-6.0%	4.2%	-4.3%	0.7%	4.0%
EBITDA-margin	-14.0%	-4.9%	-9.8%	-3.0%	-2.2%
Equity ratio	6.6%	30.8%	26.1%	29.7%	29.4%
Return on equity	-141.9%	-35.7%	-63.0%	-40.7%	-22.7%
Operational metrics					
Average number of full-time employees	70	89	108	98	97

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 firm of the future.

Atos headquarters are based in Bezons (France). Atos IT Solutions and Services A/S is part of the Regional Business Unit Northern Europe and APAC, headquartered in London.

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 2022, 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

The income statement for 2022 shows a loss of DKK 33,557,721 against a loss of DKK 17,436,700 last year, and the balance sheet at 31 December 2022 shows equity of DKK 7,223,911.

In 2022 the company continued the path of continuous performance improvement and finalized the year with a, non-satisfying, loss of 33,558 KDKK. As in 2021, in 2022 the company continued programs to improve efficiency and customer satisfaction.

In 2022 Nilesh Sakarikar replaced Claus Larsen in the executive board.

The net turnover for 2022 declined compared to 2021 due to ending projects.

Atos had on average 70 employees in 2022.

Non-financial matters

Atos SE announced in June 2022 that it is studying a possible separation into two publicly listed companies to unlock value and implement an ambitious transformation plan. This should have as a result two strong leaders in their respective markets, each with a focused strategy, a dedicated management team, an independent Board of Directors and an adequate financial structure:

- SpinCo: a leading player in the digital transformation, big data and cybersecurity markets, delivering high growth and high margins, with a € 0.4 billion plan to accelerate profitable growth.
- TFCo (Atos): a leader in managed infrastructure services, digital workplaces and professional services, with an ambitious € 1.1 billion plan to drive full turnaround by 2026.

Contemplated project involves a prior reorganization expected to be completed per June 30th, 2023 with listing and distributions of SpinCo shares in H2 2023.

Per April 1st, 2023 the plan is to change the governance of the organization. Both companies will continue as Atos entities and Atos SE will continue as ultimate shareholder

Per May 1st, 2023 the plan is to change the legal structure as follows:

- Atos Denmark A/S will continue as legal entity for the TFCo business
- The SpinCo business will move to another legal entity

Atos Denmark is part of the RBU Northern Europe and APAC. RBU Northern Europe is a combination of former business units, United Kingdom & Ireland, Benelux & The Nordics and Asia Pacific.

Management's review

On April 5th, 2022, the Atos Group confirmed the managed exit of its Russia-based operations, that generated 0.4% of Group revenue in 2021. This managed exit was completed on September 14th, 2022. We adhere to all international sanctions that are applicable to our organization. Atos Denmark A/S has no material intercompany positions or loans outstanding with Atos Russia.

The management of Atos Denmark A/S believes that the direct and indirect impact of the Russia / Ukraine conflict is limited and that they will be able to continue to fulfil its financial obligations and as such continue on going concert basis.

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.

Financial risks and use of financial instruments

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.

Management's review

Statutory CSR report

The purpose of Atos is to help design the future of the digital space - to make it safer, more inclusive, more secure, and sustainable for everybody, while contributing to the development of scientific and technological excellence.

Atos brings the diversity of Our peoples' backgrounds and skills to make choices that will have positive economic, social, and ethical impacts on business and humanity tomorrow. The "We are Atos" program focuses on the full lifecycle of our employee experience through these key areas: Diversity and inclusion, Social value, Wellbeing, Life@Work, and customer experience.

Geared towards sustainable and profitable growth. Atos aims to create value for all its stakeholders and society at large by being the leader in secure and decarbonized digital. The ambition is to act as trusted partner for all stakeholders - now and for the long term. Atos started its corporate social responsibility journey over ten years ago and is a recognized leader in its industry across environment, social and governance criteria. The company believes that they have a responsibility towards society and have been working to make a positive difference, particularly to the fight against climate change, for many years. Atos commits to net-zero carbon emission as soon as 2028.

More information can be found on: <https://atos.net/content/investors-documents/ir-2020/atos-integrated-report-2020-en.pdf>

Events after the balance sheet date

Atos will in 2023 see a separation of its Spinco and TFCo (Atos) activities as a part of a group plan. These activities will not have any impact on the 2022 financial report.

Outlook

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 centers). The separation of the company will increase the focus on the main KPI's and support further growth and profitability. 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	<u>2022</u>	<u>2021</u>
	Revenue	195,064,259	218,724,802
12,3	Production costs	-206,773,691	-209,564,400
	Gross profit	-11,709,432	9,160,402
	Distribution costs	-13,207,295	-15,966,193
12	Administrative expenses	-6,082,201	-8,149,478
	Operating profit/loss	-30,998,928	-14,955,269
	Other operating expenses	-134,223	-1,139,396
	Profit/loss before net financials	-31,133,151	-16,094,665
	Financial income	0	466,676
	Financial expenses	-2,424,570	-1,808,711
	Profit/loss before tax	-33,557,721	-17,436,700
	Tax for the year	0	0
	Profit/loss for the year	<u>-33,557,721</u>	<u>-17,436,700</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2022</u>	<u>2021</u>
	ASSETS		
	Fixed assets		
4	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	10,762,570	13,462,109
		<u>10,762,570</u>	<u>13,462,109</u>
	Total fixed assets	<u>10,762,570</u>	<u>13,462,109</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	2,704,286	13,065,936
5	Work in progress	4,815,566	-1,023,414
	Receivables from group enterprises	3,996,273	9,349,197
	Other receivables	2,364,403	401,287
6	Prepayments	19,040,982	9,784,273
		<u>32,921,510</u>	<u>31,577,279</u>
	Cash	<u>65,810,416</u>	<u>85,076,575</u>
	Total non-fixed assets	<u>98,731,926</u>	<u>116,653,854</u>
	TOTAL ASSETS	<u><u>109,494,496</u></u>	<u><u>130,115,963</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2022</u>	<u>2021</u>
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	10,000,000	10,000,000
	Hedging reserve	611,206	-94,452
	Retained earnings	-3,387,295	30,170,426
	Total equity	<u>7,223,911</u>	<u>40,075,974</u>
	Liabilities other than provisions		
9	Non-current liabilities other than provisions		
	Other payables	8,526,859	7,746,007
		<u>8,526,859</u>	<u>7,746,007</u>
	Current liabilities other than provisions		
	Bank debt	12,577,281	14,244,658
	Prepayments received from customers	74,344	0
	Trade payables	48,046,852	37,154,027
	Payables to group enterprises	7,545,109	11,127,799
	Other payables	13,405,476	14,624,968
11	Deferred income	12,094,664	5,142,530
		<u>93,743,726</u>	<u>82,293,982</u>
	Total liabilities other than provisions	<u>102,270,585</u>	<u>90,039,989</u>
	TOTAL EQUITY AND LIABILITIES	<u>109,494,496</u>	<u>130,115,963</u>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 13 Contractual obligations and contingencies, etc.
- 14 Collateral
- 15 Related parties
- 16 Appropriation of profit/loss

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK	Share capital	Hedging reserve	Retained earnings	Total
	Equity at				
	1 January 2022	10,000,000	-94,452	30,170,426	40,075,974
16	Transfer, see				
	"Appropriation of profit/loss"	0	0	-33,557,721	-33,557,721
	Other value adjustments of equity	0	705,658	0	705,658
	Equity at				
	31 December 2022	10,000,000	611,206	-3,387,295	7,223,911

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 2022 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 presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the 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 forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

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 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.

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.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

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.

Restructuring provisions comprise severance pay to employees, losses incurred due to the termination of contracts, etc. following Management's decision to restructure the Company. Restructuring provisions are recognised when it has been decided to restructure the Company and the restructuring process has been initiated.

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.

Prepayments received from customers

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred income

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

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

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	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
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****2 Events after the balance sheet date**

Atos will in 2023 see a separation of its Spinco and TFCo (Atos) activities as a part of a group plan. These activities will not have any impact on the 2022 financial report.

DKK	<u>2022</u>	<u>2021</u>
3 Depreciation of property, plant and equipment		
Depreciation of property, plant and equipment	3,903,207	5,373,265
	<u>3,903,207</u>	<u>5,373,265</u>

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

Production costs	<u>3,903,207</u>	<u>5,373,265</u>
	<u>3,903,207</u>	<u>5,373,265</u>

4 Property, plant and equipment

DKK	<u>Fixtures and fittings, other plant and equipment</u>
Cost at 1 January 2022	33,955,716
Additions	1,203,668
Disposals	-20,200
Cost at 31 December 2022	<u>35,139,184</u>
Impairment losses and depreciation at 1 January 2022	20,493,607
Depreciation	3,903,207
Reversal of accumulated depreciation and impairment of assets disposed	-20,200
Impairment losses and depreciation at 31 December 2022	<u>24,376,614</u>
Carrying amount at 31 December 2022	<u>10,762,570</u>

Financial statements 1 January - 31 December**Notes to the financial statements**

DKK	<u>2022</u>	<u>2021</u>
5 Work in progress		
Selling price of work performed	4,815,566	-1,023,414
	<u>4,815,566</u>	<u>-1,023,414</u>
recognised as follows:		
Work in progress (assets)	4,815,566	-1,023,414
	<u>4,815,566</u>	<u>-1,023,414</u>

6 Prepayments

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

7 Share capital

Analysis of the share capital:

100 A shares of DKK 100,000.00 nominal value each	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>

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

8 Deferred tax

Deferred tax at 1 January	0	0
Deferred tax adjustment in the year	6,263,287	3,829,713
Change in accounting estimate, for not recognised utilisation of tax loss and losses on property and shares	-6,263,287	-3,829,713
Deferred tax at 31 December	<u>0</u>	<u>0</u>

The Company have deferred tax assets not recognized with a value of 6.263.287 DKK at 31 December 2022.

9 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.

10 Derivative financial instruments**Fair values**

DKK	<u>Carrying amount</u>	<u>Fair value</u>	<u>Level for calculating fair value</u>
Hedging	705,658	705,658	2

Financial statements 1 January - 31 December**Notes to the financial statements****11 Deferred income**

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

DKK	<u>2022</u>	<u>2021</u>
12 Staff costs		
Wages/salaries	62,608,342	71,823,516
Pensions	5,918,808	7,017,016
Other staff costs	613,177	-924,138
	<u>69,140,327</u>	<u>77,916,394</u>

Staff costs are recognised as follows in the financial statements:

Production	69,140,327	72,167,888
Administration	0	5,748,506
	<u>69,140,327</u>	<u>77,916,394</u>

Average number of full-time employees	<u>70</u>	<u>89</u>
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Remuneration to members of Management:

Executive Board	2,896,798	1,769,386
	<u>2,896,798</u>	<u>1,769,386</u>

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

13 Contractual obligations and contingencies, etc.**Other financial obligations**

Other rent and lease liabilities:

Rent and lease liabilities	<u>4,019,325</u>	<u>12,705,290</u>
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14 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2022.

Financial statements 1 January - 31 December**Notes to the financial statements****15 Related parties****Information about consolidated financial statements**

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Atos SE	River Quest, 80 Quai Voltaire 95877 Bezons 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:

<u>DKK</u>	<u>2022</u>	<u>2021</u>
Sale of services	17,550,500	24,976,800
Purchase of services	26,893,067	42,134,200
Management fee	2,137,462	3,362,910
Receivables from group enterprises	3,787,454	7,849,605
Payables to group enterprises	7,545,109	11,127,799

16 Appropriation of profit/loss**Recommended appropriation of profit/loss**

Retained earnings/accumulated loss	-33,557,721	-17,436,700
	<u>-33,557,721</u>	<u>-17,436,700</u>