

**Nordcloud ApS**

Amagerfælledvej 106 2300

København S CVR

No. 35648909

Annual Report 2022

9. financial year

The Annual Report was presented and adopted at  
the Annual General Meeting of the Company on 14 July 2023

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Jan Mikael Kritz

Chairman

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## **Management's Statement**

Today, Management has considered and adopted the Annual Report of Nordcloud ApS for the financial year 1 January 2022 - 31 December 2022.

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

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January 2022 - 31 December 2022.

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

Copenhagen, 14 July 2023

Executive Board

Jan Mikael Kritz

Man. Director

## **Independent Auditor's Report**

To the shareholder of Nordcloud ApS

### **Opinion**

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.

We have audited the Financial Statements of Nordcloud ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Matter**

With effect as from the current financial year, the Company has become subject to an audit obligation. Please note that the comparative figures stated in the Financial Statements have not been audited, which also appears from the Financial Statements.

### **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 in the audit, or otherwise appears to be materially misstated.

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

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

## **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 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 judgment 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 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 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, where such disclosures are not adequate, 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 disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Copenhagen, 14 July 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Brian Christiansen  
State Authorised Public Accountant  
mne23371

Leif Ulbæk Jensen  
State Authorised Public Accountant  
mne23327

**Company details**

Company	Nordcloud ApS Amagerfælledvej 106 2300 København S
CVR No.	35648909
Date of formation	10 January 2014
Registered office	København
Executive Board	Jan Mikael Kritz, Man. Director

## **Management's Review**

### *The Company's principal activities*

The Company's principal activities consist in carry out IT- based services.

### *Development in activities and the financial situation*

The Company's Income Statement of the financial year 1 January 2022 - 31 December 2022 shows a result of DKK 2.182.603 and the Balance Sheet at 31 December 2022 a balance sheet total of DKK 40.618.354 and an equity of DKK 4.221.862.

## **Accounting Policies**

### **Reporting Class**

The annual report of Nordcloud ApS for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B. The accounting policies applied remain unchanged from last year.

### **Change in the comparative figures**

A classification error has been identified between the items Gross profit and other operating expenses in the comparative figures. A classification error has also been identified in the comparative figures between the long term and short term payables to group companies. An adjustment has therefore been made to the comparative figures to reflect the correct comparative figures. The adjustment has had no effect on the company's results nor equity for either 2022 or 2021.

### **Reporting currency**

The annual report is presented in Danish kroner.

## **General information**

### *Basis of recognition and measurement*

The financial statements have been prepared under the historical cost principle.

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

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company and the value of the asset can be measured reliably.

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

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortized cost, which involves the recognition of a constant effective interest rate over the term. Amortized cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortization of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the financial statement, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

## **Income statement**

### **Gross profit/ loss**

The Company has decided to aggregate certain items of the income statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit is a combination of the items of revenue, change in inventories of finished goods, work in progress and goods for resale, other operating income, costs for raw materials and consumables and other external expenses.

### **Revenue**

Revenue is recognized in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognized excluding VAT and all discounts granted are recognized in revenue.

### **Other external expenses**

Other external expenses include expenses for distribution, sales, advertising, administration, premises, bad debts, operating leasing expenses etc.

### **Staff costs**

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

Other staff expenses are recognized in other external expenses.

### **Financial income and expenses**

Financial income and expenses are recognized in the income statement based at the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, financial expenses of finance leases, realized and unrealized capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the advance-payment of tax scheme.

Dividends from other investments are recognized as income in the financial year in which the dividends are declared.

### **Tax on net profit for the year**

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognized directly in equity.

## **Balance sheet**

### **Other investments**

Securities which the Company plans to hold to maturity are measured at amortized cost determined on the basis of the effective interest rate at the date of acquisition. Price adjustment is recognized in the income statement as an item in financial income and expenses.

### **Receivables**

Receivables are measured at amortized cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

### **Accrued income, assets**

Accrued income recognized in assets comprises prepaid costs regarding subsequent financial years.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

### **Equity**

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

### **Current tax liabilities**

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

### **Other payables**

Other payables are measured at amortized cost, which usually corresponds to the nominal value.

### **Contingent assets and liabilities**

Contingent assets and liabilities are not recognized in the balance sheet but appear only in the notes.

**Income Statement**

	Note	2022 kr.	2021 kr.
Gross profit	2	64.025.523	22.472.708
Employee benefits expense	1	- 54.491.938	- 19.206.217
Other operating expenses		<u>- 6.533.889</u>	<u>- 2.758.728</u>
Profit from ordinary operating activities		2.999.696	507.763
Other finance income		9.405	0
Finance expenses	3	<u>- 160.888</u>	<u>- 67.332</u>
Profit from ordinary activities before tax		2.848.213	440.431
Tax expense on ordinary activities	4	<u>- 665.610</u>	<u>- 110.174</u>
Profit		<u>2.182.603</u>	<u>330.257</u>
Retained earnings		<u>2.182.603</u>	<u>330.257</u>
Distribution of profit		<u>2.182.603</u>	<u>330.257</u>

**Balance Sheet as of 31 December**

	Note	2022	2021
		kr.	kr.
Assets			
Deposits, investments		<u>10.000</u>	<u>53.200</u>
Investments		<u>10.000</u>	<u>53.200</u>
Fixed assets		<u>10.000</u>	<u>53.200</u>
Short-term trade receivables		8.507.003	2.915.309
Short-term receivables from group enterprises		28.031.624	0
Short-term tax receivables from group enterprises		0	1.403.000
Short-term tax receivables		12.000	12.000
Other short-term receivables		39.196	49.196
Accrued income		<u>1.330.263</u>	<u>976.530</u>
Receivables		<u>37.920.086</u>	<u>5.356.035</u>
Cash and cash equivalents		<u>2.688.268</u>	<u>3.224.679</u>
Current assets		<u>40.608.354</u>	<u>8.580.714</u>
Assets		<u>40.618.354</u>	<u>8.633.914</u>

	Note	2022	2021
Liabilities and equity		kr.	kr.
Contributed capital		50.000	50.000
Sundry reserves		1.117.612	1.117.612
Retained earnings		<u>3.104.250</u>	<u>921.647</u>
Equity		<u>4.271.862</u>	<u>2.089.259</u>
Payables to group enterprises		346.000	88.204
Other payables		<u>569.007</u>	<u>17.792</u>
Long-term liabilities other than provisions		<u>915.007</u>	<u>105.996</u>
Prepayments received from customers		0	9.644
Trade payables		331.654	127.550
Payables to group enterprises related to company tax		776.138	110.528
Payables to group enterprises		21.812.871	0
Other payables		11.247.380	4.823.145
Accruals		<u>1.263.442</u>	<u>1.367.792</u>
Short-term liabilities other than provisions		<u>35.431.485</u>	<u>6.438.659</u>
Liabilities other than provisions within the business		<u>36.346.492</u>	<u>6.544.655</u>
Liabilities and equity		<u>40.618.354</u>	<u>8.633.914</u>
Contingent liabilities	6		
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**Statement of changes in Equity**

	Contributed capital	Sundry reserves	Retained earnings	Total
Equity 1 January 2022	50.000	1.117.612	921.647	2.089.259
Profit (loss)	<u>0</u>	<u>0</u>	<u>2.182.603</u>	<u>2.182.603</u>
Equity 31 December 2022	<u>50.000</u>	<u>1.117.612</u>	<u>3.104.250</u>	<u>4.271.862</u>

The share capital has remained unchanged for the last 6 years.

**Notes**

	2022	2021
<b>1. Employee benefits expense</b>		
Wages and salaries	54.086.437	18.868.473
Social security contributions	405.501	91.303
Other employee expense	<u>0</u>	<u>246.441</u>
	<u>54.491.938</u>	<u>19.206.217</u>
Average number of employees	<u>48</u>	<u>16</u>

**2. Other operating income**

Other operating income included in Gross Profit comprise of intercompany charges to the parent company Nordcloud OY. The charges relate to the costs plus uplift for the revenue generating activities.

	2022	2021
Other operating income	<u>43.172.846</u>	<u>9.548.314</u>

	2022	2021
<b>3. Finance expenses</b>		
Interest expense, group related companies	113.270	0
Other financial expense	47.618	76.003
Foreign exchange loss	<u>0</u>	<u>0</u>
	<u>160.888</u>	<u>76.003</u>

	2022	2021
<b>4. Tax on profit for the period</b>		
Current tax for the period	665.610	110.528
Adjustment of tax, previous periods	<u>0</u>	<u>- 354</u>
	<u>665.610</u>	<u>110.174</u>

	2022	2021
<b>5. Lease liabilities</b>		
Within 1 year	909.085	683.475
Between 1 and 5 years	<u>1.116.935</u>	<u>1.508.951</u>
	<u>2.026.020</u>	<u>2.192.426</u>

**6. Contingent liabilities**

No contingent liabilities exist at the balance sheet date.

**7. Collaterals and securities**

No securities or mortgages exist at the balance sheet date.

**8. Ownership**

Nordcloud Oy, Antinkatu 1, 00100 Helsinki, Finland holds 100% of the shares of Nordcloud ApS.

**9. Consolidated financial statements**

The company is part of the consolidated statement of:

Name: International Business Machines Corporation

Place of registered office: New Orchard Road, Armonk, New York 10504, United States of America

**10. Significant subsequent events**

No events have occurred after the balance sheet date which materially affect the assessment of the Company's financial position.