
IBM Client Innovation Center Danmark ApS

Annual Report for 2020

Karen Blixens plads 8, DK-2300 København S.

CVR No 38 07 37 29

The Annual Report was
presented and adopted
at the Annual General
Meeting of the Company
on 11. May 2021

Erik Rykind-Blarke
Conductor

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Management's Statement on the Annual Report

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of IBM Client Innovation Center Danmark ApS for the financial period 1 January – 31 December 2020.

The Annual Report was 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 at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, Management's Review includes a true and fair account of the affairs described.

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

Copenhagen, 11. May 2021

Executive Board

Signe Birgitte Schmid

Board of Director

Jesper Braum Nielsen
Chairman

Henrik Bodskov

Frank Bøje Andersen

Independent Auditor's Report

To the Shareholder of IBM Client Innovation Center Danmark ApS.

Opinion

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 operations for the financial period 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of IBM Client Innovation Center Danmark ApS for the financial period 1 January – 31 December 2020, which comprise income statement, balance sheet, notes and summary of significant accounting policies.

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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

Moreover, we considered whether Management's Review includes the disclosures required by 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.

Independent Auditor's Report (continued)

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 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 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.

Copenhagen, 11. May 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Brian Christiansen
State Authorised Public Accountant
mne23371

Dan Bjerregaard
State Authorised Public Accountant
mne33701

Company Information

The Company

IBM Client Innovation Center Danmark ApS
Karen Blixens Plads 8
DK-2300 København S.

Telephone: +45 45 24 00 00

CVR No: 38073729

Financial period: 1 January – 31 December

Municipality of reg office: Copenhagen

Executive Board

Signe Birgitte Schmid

Board of Directors

Jesper Braum Nielsen
Henrik Bodskov
Frank Bøje andersen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

The Annual Report of IBM Client Innovation Center Danmark ApS for the period 1 January – 31 December 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Key activities

The establishment of IBM Client Innovation Center Danmark ApS is based on a wish to provide services with a high focus on new development areas, within a separate legal entity. The Company's principal activity is to provide services to information technology, and relevant services, according to the board of directors.

Development in the period and expectations for the year ahead

The profit for period after tax amounts to DKK 3.979k, which is satisfactory and meets expectations for the period.

Income Statement 1 January - 31 December

	Note	2020	2019
		DKK '000	DKK '000
Gross profit		81.899	62.790
Staff expenses	1	-76.526	-59.072
Other operating income		74	25
Earnings before interest, tax, depreciation and amortisation (EBITDA)		5.447	3.743
Depreciation, amortisation and impairment losses for property, plant and equipment		-257	-354
Profit before financial income and expenses		5.190	3.389
Financial income	2	27	22
Financial expenses	3	-111	-74
Profit before tax		5.106	3.337
Tax on profit for the period	4	-1.127	-755
Net profit for the period		3.979	2.582
 Distribution of profit			
Proposed distribution of profit			
Retained earnings		3.979	2.582
		3.979	2.582

Balance Sheet at 31 December

Assets	Note	2020	2019
		DKK '000	DKK '000
IT equipment		53	294
Total property, plant and equipment		53	294
Deposits		509	509
Total fixed asset investments		509	509
Deferred tax asset		88	38
Total non-current assets		650	841
Receivables from group related companies		22.973	12.965
Other receivables		2.978	1.343
Total receivables		25.951	14.308
Cash at bank and in hand		64	153
Current assets		26.015	14.461
Assets		26.665	15.302

Balance Sheet at 31 December

Liabilities and Equity	Note	2020	2019
		DKK '000	DKK '000
Share capital		50	50
Retained earnings		8.524	4.545
Equity		8.574	4.595
Other payables		0	2.032
Long-term debt		0	2.032
Payables to group related companies		4.207	4.954
Other payables		13.884	3.721
Short-term debt		18.091	8.675
Debt		18.091	10.707
Liabilities and equity		26.665	15.302
Contingent assets, liabilities and other financial obligations	5		
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Notes to the Annual report

	<u>2020</u>	<u>2019</u>
	DKK '000	DKK '000
1 Staff expenses		
Payroll	73.397	56.965
Pensions	2.863	1.895
Other social security expenses	266	212
	<u>76.526</u>	<u>59.072</u>
 Average number of employees	 115	 93
2 Financial income		
Foreign exchange gains	27	22
	<u>27</u>	<u>22</u>
3 Financial expense		
Interest expense, group related companies	54	20
Other financial expense	8	8
Foreign exchange loss	49	46
	<u>111</u>	<u>74</u>
4 Tax on profit for the period		
Current tax for the period	1.177	781
Deferred tax for the period	-50	-26
	<u>1.127</u>	<u>755</u>
 which breaks down as follows:		
Tax on profit for the period	1.127	755
	<u>1.127</u>	<u>755</u>

Notes to the Annual report

<u>2020</u>	<u>2019</u>
DKK `000	DKK `000

5 Contingent assets, liabilities and other financial obligations

Contingent liabilities, including lease and guarantee obligations as well as other contingent liabilities	565	554
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The Group's Danish enterprises are jointly and severally liable for tax on the jointly taxed income etc of the Group. The total accrued corporation tax is disclosed in the annual report of IBM Danmark ApS, which is the management company under the joint taxation. Moreover, the group enterprises are jointly and severally liable for Danish withholding taxes by way of dividend tax, royalty tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

6 Related parties and ownership

Controlling interest

IBM World Trade Investments B.V. holds 100% of the shares of IBM Client Innovation Center Danmark ApS.

7 Consolidated financial statements

The company is a 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

8 Significant subsequent events

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

Notes, Accounting Policies

Basis of Preparation

The Annual Report of IBM Client Innovation Center Danmark ApS for 2020 has been prepared 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.

The Financial Statements for 2020 are presented in DKK thousands.

Presentation currency

The Company uses Danish kroner as the measurement currency. All other currencies are regarded as foreign currencies.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

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

Income statement

Gross profit/loss

With reference to section 32 of Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue from Services is recognized as execution of the service to which the contract relates when using the production method, whereby the net sales correspond to the sales value of the service rendered during the year. The method is used when total income and cost of service and completion at the balance sheet date can be reliably calculated and it is likely that the economic benefits, including payments, will accrue to the company. As completion, applied costs are used in relation to the expected total cost of service.

Net sales are recognized exclusive of VAT and less discounts in connection with the sale.

Other external expenses

Other external expenses comprise expenses for premises, travel as well as office expenses, etc.

Notes, Accounting Policies

Staff expenses

Staff expenses comprise wages and salaries, including holiday pay and pensions as well as other social security expenses, etc. to the Company's employees.

Depreciation, amortisation and impairment losses

Depreciation, amortisation, and impairment losses comprises depreciation, amortisation and impairment of property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest as well as realised and unrealised exchange adjustments and are recognised in the income statement at the amounts relating to the financial year.

Tax on profit for the period

Tax for the period consists of current tax for the period and deferred tax for the period. The tax attributable to the profit for the period is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. The tax recognised in the income statement is classified as tax on ordinary activities and other taxes, respectively.

The Company is jointly taxed with Danish group enterprises. The current corporation tax is allocated to the jointly taxed enterprises in proportion to their taxable incomes.

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost with the addition of revaluations and less accumulated depreciation and impairment losses.

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

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

IT equipment	3-5 Years
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The depreciation period and residual value of the Company's property, plant and equipment is subjected to an annual reassessment.

Fixed asset investments

Fixed asset investments consist of deposits in relation to office rental, and is booked at cost or the recoverable amount, whichever ever may be lowest.

Notes, Accounting Policies

Impairment of fixed assets

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

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Receivables

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

Provisions

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

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax on temporary differences concerning non-taxable amortisable goodwill as well as other items is not recognised where, unless arising from acquisitions, they have arisen at the date of acquisition without affecting the profit for the period or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Notes, Accounting Policies

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as tax calculated on the taxable income for the period, adjusted for tax on the taxable income of previous periods and for taxes paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in financial income and expenses in the income statement.

Financial debts

Debt such as loans from group related companies, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently the loans are measured at the amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.