
AX VI itm8 Holding III ApS

c/o AX VI itm8 Holding ApS, Dalgas Plads 7B, DK-7400
Herning

Annual Report for 1 July 2021 - 31 December 2022

CVR No. 42 52 01 36

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 7/7 2023

Jesper Frydensberg
Rasmussen
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Consolidated Financial Statements and Parent Company Financial Statements of AX VI itm8 Holding III ApS for the financial year 1 July 2021 - 31 December 2022.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021/22.

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

We recommend that the Consolidated Financial Statements and Parent Company Financial Statements be adopted at the Annual General Meeting.

Herning, 7 July 2023

Executive Board

Jesper Frydensberg Rasmussen

Board of Directors

Christian Bamberger Bro

Björn Larsson

Independent Auditor's report

To the shareholders of AX VI itm8 Holding III ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July 2021 - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of AX VI itm8 Holding III ApS for the financial year 1 July 2021 - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' 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.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent 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 Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent Auditor's report

Trekantområdet, 7 July 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob F Christiansen
State Authorised Public Accountant
mne18628

Henrik Junker Andersen
State Authorised Public Accountant
mne42818

Company information

| | |
|---------------------------|--|
| The Company | AX VI itm8 Holding III ApS c/o AX VI itm8 Holding ApS Dalgas Plads 7B DK-7400 Herning CVR No: 42 52 01 36 Financial period: 1 July 2021 - 31 December 2022 Incorporated: 1 July 2021 Financial year: 1st financial year Municipality of reg. office: Herning |
| Board of Directors | Christian Bamberger Bro Björn Larsson |
| Executive Board | Jesper Frydensberg Rasmussen |
| Auditors | PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup |

Financial Highlights

Seen over a 1-year period, the development of the Group is described by the following financial highlights:

| | Group |
|--|-------------------|
| | 2021/22 |
| | TDKK 18 months |
| Key figures | |
| Profit/loss | |
| Revenue | 664,827 |
| Gross profit/loss | 275,317 |
| Profit/loss of ordinary primary operations | -164,116 |
| Profit/loss before financial income and expenses | -163,740 |
| Profit/loss of financial income and expenses | -111,267 |
| Net profit/loss | -280,841 |
| Balance sheet | |
| Balance sheet total | 7,630,914 |
| Investment in property, plant and equipment | 14,099 |
| Equity | 2,603,425 |
| Cash flows | |
| Cash flows from: | |
| - operating activities | -74,950 |
| - investing activities | -1,476,468 |
| - financing activities | 1,728,930 |
| Change in cash and cash equivalents for the year | 177,512 |
| Number of employees | 422 |
| Ratios | |
| Gross margin | 41.4% |
| Profit margin | -24.6% |
| Return on assets | -2.1% |
| Solvency ratio | 34.1% |
| Return on equity | -21.6% |

The numbers represent the activities for 3 months due to the two business acquisitions completed in the beginning of October.

Management's Statement

Key activities

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

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

We continue to work to create the most attractive ecosystem for ambitious IT talents and companies with a sharp focus on collaboration, innovation, development, and value creation.

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

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

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

Development in the year

The Group was founded by the acquisition of the itm8 Group at 5 October and the subsequent strategic acquisition of AddPro Group at 6 October. The itm8 and AddPro acquisitions are considered strategic platform investments with the purpose of leading a consolidation in the industry.

The income statement of the Group represents three months of ownership of the itm8 sub-Group and AddPro sub-group and shows a negative EBITDA of DKK 31,577k. EBITDA is materially influenced by costs related to the acquisitions and integration related activities. Underlying earnings performance is at a satisfactory level and support the growth journey of the Group.

Operating risks

Risk management is essential to stay ahead of the rapidly changing market in which we operate. We therefore work continuously to identify the most critical risks and actions to mitigate them. The Board of Directors frequently reviews these risks and mitigating actions, using them as a basis for launching new initiatives.

Management's Statement

| Risk | Mitigating actions |
|---|--|
| Ability to develop new and existing customers | <ul style="list-style-type: none"> • Digital transformation initiatives • Flexible delivery models (own data centres, own cloud, and public cloud) • Marketing, monitoring and dedicated client account models • Competitive prices through business excellence initiatives • Robotic Process Automation (RPA) and Artificial Intelligence (AI) • Governance model to support differentiated customer segments |
| Contractual and legal/compliance risks, including General Data Protection Regulation (GDPR) | <ul style="list-style-type: none"> • Contract management framework to improve and monitor obligations • Data Protection Officer (DPO) appointed • Comprehensive GDPR training of employees |
| Attracting and retaining talent | <ul style="list-style-type: none"> • Trainee and specialist training programmes • Focus training programmes on new technologies • Systematic appraisal interviews • Strategic collaboration with educational institutions • Branding |
| Operation and delivery, including cyber security | <ul style="list-style-type: none"> • Advanced and redundant data centre setup • Security roadmap • Flexible delivery setup • Project and delivery management • Security and compliance team |

Targets and expectations for the year ahead

We are starting the new year on an ambitious and optimistic note. Supported by strategic acquisitions, internationalisation and a powerful private equity fund, Axcel, we are strongly positioned to embrace the future. Our targets for 2023 are ambitious – in terms of both revenue and EBITDA. 2023 will also be a year influenced by transaction and integration related costs. Based on current projections and business trajectory we expect revenue for FY 2023 in the level of DKK 2,500-2,600m and EBITDA to be in the level of 250 to 300m.

The mentioned strategic acquisitions in 2022 will also in 2023 strengthen a number of functions, accelerate growth in key geographies, product areas and important markets.

Management's Statement

External environment

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

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

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

Statement on corporate social responsibility, cf. Section 99 a of the Danish Financial Statements Act

Business model

We are the leading digital transformation partner to the mid-market in Denmark and Sweden and a Nordic champion in mission-critical managed IT services with mid-market-tailored E2E offering. This through our growth ecosystem where new capabilities are productized and scaled across itm8's brand ecosystem with access to 4k+ clients. Our ecosystem is based on a strong and established platform, making it extremely agile and scalable.

Environment

| Policy | |
|---|---|
| Environmental policy As a service and IT company without production sites, the company has a low environmental impact. Even so, we recognise the environmental impact of businesses and therefore make a committed effort to reduce our impact. We are taking action to reduce our impact on the environment, for instance by implementing a comprehensive waste management system in our offices and kitchens and by minimising our air, train and car travel activity. We strive to use technology as often as possible – and when travel activity is unavoidable, we try to reduce our impact through car pooling and shared hotel accommodation. | |
| Climate change policy We recognise the risks related to climate change and are committed to cutting our emissions. To reduce the impact of the company on the environment, we aim to consolidate and optimise our data centres. We continuously focus on replacing and investing in new IT equipment with lower energy consumption. | |
| Risks | Mitigating actions |
| Increased energy costs | - Energy consumption – we continuously measure our energy consumption at our data centers in order to find ways of lowering our usage |

Management's Statement

Key figures for 2022

In 2022 the annual CO₂e calculations were conducted using the global standard GHG protocol. In 2022 the calculations were made on scope 1 direct emissions and scope 2 indirect emissions. The total scope 1 and 2 emissions were location-based 448.9 tCO₂e and market-based 299.0 tCO₂e. Based on the total scope 1 and 2 the tCO₂e pr. FTE was location-based 1.06 tCO₂e/FTE and market-based 0.71 tCO₂e/FTE. The reasoning for the difference in location-based and market-based calculations are because of itm8's purchasing of renewable energy through third party approved certificates.

Within scope 3 we have started collecting data within the following categories: purchased goods and services (water consumption), employee commuting, upstream leased assets (co-located external datacenters), business travel (company travel by personal vehicles), fuel-and-energy related activities (same as scope 1), and waste (waste generated in tons from locations).

Within scope 3 the data used are from these different factors. Purchased goods and services (water consumption), employee commuting, upstream leased assets (co-located external datacenters), business travel (company travel by personal vehicles), fuel-and-energy related activities (same as scope 1), and waste (waste generated in tons from locations).

Data collection process

We fully implemented a climate tool provided by a recognized external consultancy firm. This has provided us a better overview of CO₂e emissions across our organization and improved our way of structuring data. Furthermore, it will make it easier for us to view our CO₂e results, generate reports and prioritize CO₂e hotspot reduction initiatives.

In scope 1 we learned that it still is important for us to figure out how we can reduce our transport emissions and therefore, we will continue to work within this area in 2023. Within the transport area we have new initiatives as transport campaign promoting bicycling and public transportation etc. Furthermore, we have introduced a new company vehicle policy stating that all new vehicles provided to employees must be fully electric. We find this initiative an important step for us to lower our emissions from vehicles.

From a scope 2 point of view, we gathered data across all our office facilities and datacenters by looking at their utility consumption individually. In 2023 we will continue our work and establish an optimized way of gathering data from several databases, invoices etc. This has the focus area of generating a higher quality of necessary utility data.

Expectations for the future

The company intends to look at environmental solutions for the future to develop ways in reducing CO₂ emissions in order to decrease the overall carbon footprint of the company.

Management's Statement

Social and employee matters

| Policy | |
|---|---|
| <p>Health and safety policy</p> <p>Our occupational health and safety policy sets out our commitment to managing health and safety in the workplace effectively. As all our employees are office-based, our key focus areas are workstation ergonomics, eye strains (tired and dry eyes) and stress management.</p> <p>All employees are required to perform a workplace assessment to help identify possible areas for improvement. Our industrial injuries insurance provides comprehensive cover for all employees and quick access to preventive health care if necessary – including but not limited to stress relief and counselling.</p> <p>Code of Conduct</p> <p>Our Code of Conduct sets the standard for what we expect of all our employees. In addition to our core values, the code describes the expectations we have of our employees' ethics, communication and behaviour.</p> | |
| Risks | Mitigating actions |
| Not being able to attract and retain talent | <ul style="list-style-type: none"> - Conducting employee engagement, surveys and feedback - Focus on transparency, ownership, accountability and relationships - Focus on relations to employees and between employees - Involvement in decision-making processes - Focus on delegation - Focus on diversity - Employee pay and staff benefits proposition |
| Non-compliance with our Code of Conduct | <ul style="list-style-type: none"> - New joiner training in our Code of Conduct - Anonymous feedback tool |
| Stress-related absence | <ul style="list-style-type: none"> - Stress-related training and support Stress relief via employee health insurance |
| Ergonomic conditions | <ul style="list-style-type: none"> - Workplace assessment - Equipment such as adjustable tables and chairs |
| Low gender diversity | <ul style="list-style-type: none"> - Focus area in the recruitment process - Inclusion as a focus area |

Management's Statement

| Key figures for 2022 |
|--|
| 100% of new employees completed Code of Conduct training in 2022. |
| Expectations for the future |
| The coming year, we will focus on initiatives that lead to reducing stress-related absence through prevention and enhancing our capabilities within stress management. We will also continue working locally on action plans to prevent accidents. |

Human rights

| Policy | |
|---|--|
| <p>Human rights policy</p> <p>The company has incorporated a simple, yet robust supply chain structure as part of our activities. We consider the risk limited, as most of our suppliers are located in Denmark or Western Europe. We actively monitor our supply chain and aim to work with reputable suppliers who are reliable and transparent to ensure that no one acts in violation of human rights.</p> | |
| Risks | Mitigating actions |
| There is a risk of breach in the of code of conduct in the supply chain and hence litigation and loss of reputation resulting from non-compliance. | <ul style="list-style-type: none"> - A whistleblowing system is available for employees and external stakeholders to make use of if they experience incidents that do not comply with the terms of Code of Conduct. |
| Key figures for 2022 | |
| The company is committed to the United Nations Universal Declaration of Human Rights. In 2022, our monitoring work has not given rise to any comments, and we therefore believe that our suppliers continue to comply with our policy. | |
| Expectations for the future | |
| In 2023, we will continue our efforts in monitoring our suppliers to make sure that they comply with our human rights policy. We will continue to make sure that new employees will complete the Code of Conduct training. | |

Management's Statement

Anti-corruption and anti-bribery

| Policy | |
|---|---|
| <p>Anti-bribery and anti-corruption policy</p> <p>It is our policy to conduct business in an honest and ethical manner. We take a zero tolerance approach to any incidents of bribery and corruption. We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships. We are committed to implementing and enforcing effective systems to counter bribery and corruption. Our anti-corruption and competition policy states what we expect of employees, including how to deal with gifts, third parties and suppliers.</p> | |
| Risks | Mitigating actions |
| Third parties and due diligence | <ul style="list-style-type: none"> - Gifts and entertainment policy - Anti-bribery and corruption training of employees - Anti-bribery clause included in supplier contracts |
| Key figures for 2022 | |
| <ul style="list-style-type: none"> - 100% of new employees completed Code of Conduct training in 2022 - No instances of corruption were reported in 2022 | |
| Expectations for the future | |
| <p>In 2023, we will continue our efforts in monitoring our suppliers to make sure that they comply with our anti-bribery and anti-corruption policy. We will continue to make sure that new employees will complete the Code of Conduct training.</p> | |

Management's Statement

Statement on gender composition, cf. Section 99 b of the Danish Financial Statements Act

Diversity and inclusion are core areas in the organisation. Every employee has the right to work in an environment that offers equal opportunities for all – regardless of ethnicity, social origin, religion, gender, sexual orientation, age and disability. That is our conviction, and we are doing our utmost to build and maintain such an environment.

We want to be an organisation with equal opportunities for all. An organisation where everyone has an equal chance to seek and obtain employment – without suffering discrimination. We do not tolerate any form of harassment and discrimination. We have communicated this clearly to our employees in our equal opportunities policy and in our Code of Conduct.

Gender balance initiatives in 2022

We have taken a number of steps to improve the gender balance in the Group:

- All job vacancies are open to all applicants
- With the aim of raising the percentage of women in the group of job applicants, we have launched an education initiative that focuses on giving women more knowledge of the IT industry.

The Board of Directors consists of two members, both being men. The company is not required to set targets for gender composition in the Board of Directors due to the number of members.

Statement on data ethics, cf. Section 99 d of the Danish Financial Statements Act

Background and purpose

The use of data is an integral part of the daily work of itm8 Group, and we strive to be fact-based and data-driven in our decisions. The purpose is to establish itm8 Group's approach to good data ethics and the principles that apply to how itm8 Group complies with applicable legislation for the area and processes data ethically, correctly, and responsibly. The use of data always takes place in respect of our social responsibility and in accordance with applicable law. This place demands on the way we register, maintain, process, and use our data. The policy for data governance and data ethics applies to the entire itm8 Group.

Basic attitudes

Itm8 Group's processing of data is based on the following basic beliefs;

- Using data for fact-based decisions is a prerequisite for delivering an attractive product to customers and running an effective and credible business.
- The protection of our employees' personal data is an important and prioritized task and an important task as an employer.
- Data is an asset in the governance of itm8 Group and we manage our data carefully according to its confidentiality, integrity and availability.
- Good data ethics go beyond the regulation that applies to the area and we demonstrate social responsibility in our processing and use of data.
- Security measures must correspond to the sensitivity of the data being processed.
- Itm8 Group does not sell any data to any third party or take advantage of it in any unjustified or unintentional way.

Management's Statement

The processing of data

We comply with our basic beliefs by:

- Make demands for ourselves and each other to be fact-based in our arguments and decisions.
- Be accurate in our records of data.
- Be meticulous in our processing of data to achieve a high data quality and ensure the validity of data.
- Not collect more data than we need and do not keep it longer than necessary.
- Ensure decentral anchored business ownership of data where data is best known and comply with the responsibilities that come with it as a local data owner.
- Prioritize our efforts – we have large amounts of data in itm8 Group, and we therefore focus on improving the data quality of the data we use in our business decisions.
- Classify and prioritize data according to different levels of sensitivity and confidentiality – and ensure that the subsequent processing of data reflects this.
- Process data in accordance with applicable compliance requirements – and ask if we are in doubt.
- Give high priority to the protection of personal data.
- Respect customers and employees' rights to their own data, and thus do not oppose disclosure and/or deletion

When choosing partners, we strive to ensure that our partners process data in the same way as we would ourselves, and thus respect the same basic beliefs.

Principles of Good Data Ethics

Itm8 Group's principles of data ethics are;

Title:

We do not use customers', employees', or partners' data without the necessary legal basis.

Transparency and predictability:

When we collect data, we also commit to ensuring transparency about the subsequent use of data.

We process data in ways that are consistent with the intentions, expectations and understanding of the transferring party. Thus, for example, personal data may not be processed for new purposes that are incompatible with the purposes for which the personal data was originally collected, and data must not be used in ways that have unjustified negative effects on the data owner. In connection to this, Itm8 Group assesses whether the use of personal data can be justified objectively and that the processing is compatible with what can be expected in a free and democratic society and in accordance with human rights and applicable law, and our use of personal data must not discriminate against, for example, gender, race, ethnicity or communities.

Confidentiality:

We protect personal data and protect it so that it does not end up in the wrong hands.

Proportionality:

We never collect data unless the purpose is clear, and we always collect only the necessary data according to the purpose. We try to create as much value as possible from the data we collect.

Management's Statement

Use of algorithms:

We are particularly aware of the ethical challenges that may arise from the use of machine learning and algorithms, and thus strive to ensure that decisions about the use of these technologies are made in conjunction with considerations regarding the remuneration of this policy.

Background and purpose

Some of the companies in the itm8 Group are certified according to ISO/IEC27001:2013 and have ISAE 3402 Type II and ISAE 3000 Type II statements of assurance prepared. This helps to document that these companies meet and comply with the requirements for data protection, information security and good IT practice. For all companies in itm8 Group, processes have been initiated with the purpose of ensuring that the companies work according to the standards etc. that form the basis of the said certifications and declarations. Among other things, this is with the aim of preparing the entire itm8 Group for NIS2.

Income statement 1 July 2021 - 31 December 2022

| | | Group | Parent company |
|---|------|-------------------|---------------------------|
| | Note | 2021/22 | 2021/22 |
| | | TDKK 18 months | TDKK 18 months |
| Revenue | 1 | 664,827 | 0 |
| Other operating income | | 464 | 0 |
| Direct expenses | | -282,788 | 0 |
| Other external expenses | | -107,186 | -2,154 |
| Gross profit/loss | | 275,317 | -2,154 |
| Staff expenses | 2 | -306,806 | 0 |
| Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment | | -132,163 | 0 |
| Other operating expenses | | -88 | 0 |
| Profit/loss before financial income and expenses | | -163,740 | -2,154 |
| Financial income | | 8,099 | 222 |
| Financial expenses | | -119,366 | -2,460 |
| Profit/loss before tax | | -275,007 | -4,392 |
| Tax on profit/loss for the year | 3 | -5,834 | 243 |
| Net profit/loss for the year | 4 | -280,841 | -4,149 |

Balance sheet 31 December 2022

Assets

| | | Group | Parent company |
|--|------|------------------|---------------------------|
| | Note | 2021/22 TDKK | 2021/22 TDKK |
| Completed development projects | | 16,568 | 0 |
| Acquired licenses | | 8,853 | 0 |
| Acquired other similar rights | | 501,909 | 0 |
| Goodwill | | 6,260,448 | 0 |
| Development projects in progress | | 15,891 | 0 |
| Intangible assets | 5 | 6,803,669 | 0 |
| Other fixtures and fittings, tools and equipment | | 139,709 | 0 |
| Leasehold improvements | | 3,636 | 0 |
| Property, plant and equipment in progress | | 132 | 0 |
| Property, plant and equipment | 6 | 143,477 | 0 |
| Investments in subsidiaries | 7 | 0 | 2,761,930 |
| Other investments | 8 | 358 | 0 |
| Deposits | 8 | 8,580 | 0 |
| Fixed asset investments | | 8,938 | 2,761,930 |
| Fixed assets | | 6,956,084 | 2,761,930 |
| Finished goods and goods for resale | | 25,320 | 0 |
| Inventories | | 25,320 | 0 |
| Trade receivables | | 340,000 | 0 |
| Contract work in progress | | 3,347 | 0 |
| Receivables from group enterprises | | 0 | 40 |
| Other receivables | | 25,216 | 0 |
| Deferred tax asset | 9 | 44,946 | 0 |
| Corporation tax | | 2,482 | 243 |
| Prepayments | 10 | 56,007 | 0 |
| Receivables | | 471,998 | 283 |
| Cash at bank and in hand | | 177,512 | 222 |
| Current assets | | 674,830 | 505 |
| Assets | | 7,630,914 | 2,762,435 |

Balance sheet 31 December 2022

Liabilities and equity

| | | Group | Parent company |
|--|------|------------------|---------------------------|
| | Note | 2021/22 | 2021/22 |
| | | TDKK | TDKK |
| Share capital | | 2,502 | 2,502 |
| Reserve for exchange rate conversion | | -22,400 | 0 |
| Retained earnings | | 2,217,342 | 2,455,319 |
| Equity attributable to shareholders of the Parent Company | | 2,197,444 | 2,457,821 |
| Minority interests | | 405,981 | 0 |
| Equity | | 2,603,425 | 2,457,821 |
| Provision for deferred tax | 9 | 16,292 | 0 |
| Other provisions | 11 | 59,400 | 0 |
| Provisions | | 75,692 | 0 |
| Credit institutions | | 4,016,656 | 0 |
| Lease obligations | | 15,300 | 0 |
| Other payables | | 37,614 | 0 |
| Long-term debt | 12 | 4,069,570 | 0 |
| Credit institutions | 12 | 419,361 | 302,456 |
| Lease obligations | 12 | 15,835 | 0 |
| Prepayments received from customers | | 15,761 | 0 |
| Trade payables | | 184,866 | 0 |
| Contract work in progress | | 623 | 0 |
| Corporation tax | | 3,878 | 0 |
| Other payables | 12 | 168,479 | 2,158 |
| Deferred income | 13 | 73,424 | 0 |
| Short-term debt | | 882,227 | 304,614 |
| Debt | | 4,951,797 | 304,614 |
| Liabilities and equity | | 7,630,914 | 2,762,435 |
| Contingent assets, liabilities and other financial obligations | 16 | | |
| Related parties | 17 | | |
| Fee to auditors appointed at the general meeting | 18 | | |
| Subsequent events | 19 | | |
| Accounting Policies | 20 | | |

Statement of changes in equity

Group

| | Share capital | Reserve for exchange rate conversion | Retained earnings | Equity excl. minority interests | Minority interests | Total |
|--|---------------|--|----------------------|---------------------------------------|-----------------------|------------------|
| | TDKK | TDKK | TDKK | TDKK | TDKK | TDKK |
| Equity at 1 July | 0 | 0 | 0 | 0 | 0 | 0 |
| Exchange adjustments | 0 | -22,400 | 0 | -22,400 | -3,645 | -26,045 |
| Cash payment concerning formation of entity | 40 | 0 | 0 | 40 | 0 | 40 |
| Capital increase | 2,462 | 0 | 2,459,505 | 2,461,967 | 836 | 2,462,803 |
| Additions for the year | 0 | 0 | 0 | 0 | 447,393 | 447,393 |
| Other equity movements | 0 | 0 | 77 | 77 | 0 | 77 |
| Net profit/loss for the year | 0 | 0 | -242,240 | -242,240 | -38,603 | -280,843 |
| Equity at 31 December | 2,502 | -22,400 | 2,217,342 | 2,197,444 | 405,981 | 2,603,425 |

Parent company

| | Share capital | Retained earnings | Equity excl. minority interests | Minority interests | Total |
|--|---------------|----------------------|---------------------------------------|-----------------------|------------------|
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| Equity at 1 July | 0 | 0 | 0 | 0 | 0 |
| Cash payment concerning formation of entity | 40 | 0 | 40 | 0 | 40 |
| Capital increase | 2,462 | 2,459,468 | 2,461,930 | 0 | 2,461,930 |
| Net profit/loss for the year | 0 | -4,149 | -4,149 | 0 | -4,149 |
| Equity at 31 December | 2,502 | 2,455,319 | 2,457,821 | 0 | 2,457,821 |

Of the total capital increase TDKK 1,263,555 is contribution in kind.

Cash flow statement 1 July 2021 - 31 December 2022

| | Group | |
|---|--------------|-------------------|
| | Note | 2021/22 |
| | | TDKK |
| Result of the year | | -280,841 |
| Adjustments | 14 | 249,264 |
| Change in working capital | 15 | 33,527 |
| Cash flow from operations before financial items | | 1,950 |
| Financial income | | 0 |
| Financial expenses | | -67,363 |
| Cash flows from ordinary activities | | -65,413 |
| Corporation tax paid | | -9,537 |
| Cash flows from operating activities | | -74,950 |
| Purchase of intangible assets | | -455 |
| Purchase of property, plant and equipment | | -12,325 |
| Sale of property, plant and equipment | | 256 |
| Business acquisition | | -1,464,527 |
| Other adjustments | | 583 |
| Cash flows from investing activities | | -1,476,468 |
| Repayment of loans from credit institutions | | -3,873,319 |
| Reduction of lease obligations | | -4,098 |
| Raising of loans from credit institutions | | 4,385,340 |
| Cash capital increase | | 1,221,007 |
| Cash flows from financing activities | | 1,728,930 |
| Change in cash and cash equivalents | | 177,512 |
| Cash and cash equivalents at 31 December | | 177,512 |
| Cash and cash equivalents are specified as follows: | | |
| Cash at bank and in hand | | 177,512 |
| Cash and cash equivalents at 31 December | | 177,512 |

Notes to the Financial Statements

| | Group | Parent company |
|--|-----------------------|---------------------------|
| | <u>2021/22</u> | <u>2021/22</u> |
| | TDKK | TDKK |
| 1. Revenue | | |
| Geographical segments | | |
| Denmark | 460,459 | 0 |
| Sweden | 189,612 | 0 |
| Other | 14,756 | 0 |
| | <u>664,827</u> | <u>0</u> |
| Activities | | |
| Cloud Service incl. Critical Consulting Services | 519,739 | 0 |
| Value added reselling | 145,088 | 0 |
| | <u>664,827</u> | <u>0</u> |
| | Group | Parent company |
| | <u>2021/22</u> | <u>2021/22</u> |
| | TDKK | TDKK |
| 2. Staff Expenses | | |
| Wages and salaries | 263,418 | 0 |
| Pensions | 16,285 | 0 |
| Other social security expenses | 5,141 | 0 |
| Other staff expenses | 21,962 | 0 |
| | <u>306,806</u> | <u>0</u> |
| Average number of employees | <u>422</u> | <u>0</u> |

Number of employees at year-end is 1,690.

Notes to the Financial Statements

3. Income tax expense

| | <u>Group</u> | <u>Parent company</u> |
|---|--------------|---------------------------|
| | 2021/22 | 2021/22 |
| | TDKK | TDKK |
| Current tax for the year | -2,449 | -243 |
| Deferred tax for the year | 8,274 | 0 |
| Adjustment of tax concerning previous years | 9 | 0 |
| | <u>5,834</u> | <u>-243</u> |

4. Profit allocation

| | <u>Group</u> | <u>Parent company</u> |
|--|-----------------|---------------------------|
| | 2021/22 | 2021/22 |
| | TDKK | TDKK |
| Minority interests' share of net profit/loss of subsidiaries | -38,601 | 0 |
| Retained earnings | <u>-242,240</u> | <u>-4,149</u> |
| | <u>-280,841</u> | <u>-4,149</u> |

Notes to the Financial Statements

5. Intangible fixed assets

Group

| | Completed development projects | Acquired licenses | Acquired other similar rights | Goodwill | Development projects in progress |
|--|--------------------------------------|----------------------|----------------------------------|------------------|--|
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| Cost at 1 July | 0 | 0 | 0 | 0 | 0 |
| Exchange adjustment | -32 | -27 | 0 | -42,181 | 0 |
| Net effect from merger and acquisition | 16,552 | 9,877 | 509,910 | 6,406,351 | 18,621 |
| Additions for the year | 2,259 | 925 | -1 | 0 | 4,540 |
| Disposals for the year | 0 | 0 | 0 | -350 | -7,270 |
| Cost at 31 December | <u>18,779</u> | <u>10,775</u> | <u>509,909</u> | <u>6,363,820</u> | <u>15,891</u> |
| Impairment losses and amortisation at 1 July | 0 | 0 | 0 | 0 | 0 |
| Exchange adjustment | -2 | -2 | 0 | -305 | 0 |
| Amortisation for the year | 2,213 | 1,924 | 8,000 | 104,027 | 0 |
| Reversal of amortisation of disposals for the year | 0 | 0 | 0 | -350 | 0 |
| Impairment losses and amortisation at 31 December | <u>2,211</u> | <u>1,922</u> | <u>8,000</u> | <u>103,372</u> | <u>0</u> |
| Carrying amount at 31 December | <u>16,568</u> | <u>8,853</u> | <u>501,909</u> | <u>6,260,448</u> | <u>15,891</u> |

Purchase price allocations recognized in the financial statements for 2022 are provisional and may be changed in the financial statements for 2023. Such a change is done retrospectively with a restatement of comparatives.

Notes to the Financial Statements

6. Property, plant and equipment

Group

| | Other fixtures and fittings, tools and equipment | Leasehold improvements | Property, plant and equipment in progress |
|--|---|---------------------------|--|
| | TDKK | TDKK | TDKK |
| Cost at 1 July | 0 | 0 | 0 |
| Exchange adjustment | -49 | -15 | 3 |
| Net effect from merger and acquisition | 141,335 | 4,079 | 1,279 |
| Additions for the year | 13,978 | 121 | 0 |
| Disposals for the year | -379 | -75 | -1,150 |
| Cost at 31 December | <u>154,885</u> | <u>4,110</u> | <u>132</u> |
| Impairment losses and depreciation at 1 July | 0 | 0 | 0 |
| Exchange adjustment | -8 | -2 | 0 |
| Depreciation for the year | 15,447 | 551 | 0 |
| Reversal of impairment and depreciation of sold assets | -263 | -75 | 0 |
| Impairment losses and depreciation at 31 December | <u>15,176</u> | <u>474</u> | <u>0</u> |
| Carrying amount at 31 December | <u>139,709</u> | <u>3,636</u> | <u>132</u> |
| Including assets under finance leases amounting to | <u>36,057</u> | <u>0</u> | <u>0</u> |

Notes to the Financial Statements

Parent
company

2021/22

TDKK

7. Investments in subsidiaries

| | |
|---------------------------------------|------------------|
| Additions for the year | 2,761,930 |
| Cost at 31 December | 2,761,930 |
| Carrying amount at 31 December | 2,761,930 |

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Share capital | Ownership |
|------------------------------|----------------------------|---------------|-----------|
| AX VI itm8 Holding II ApS | Herning | TDKK 3,211 | 86,06% |
| AX VI itm8 Holding I ApS | Herning | TDKK 4,160 | 86,06% |
| AX VI itm8 Holding ApS | Herning | TDKK 4,160 | 86,06% |
| AX VI AddPro Holding III AB | Malmö, Sweden | TSEK 727 | 86,06% |
| AX VI AddPro Holding II AB | Malmö, Sweden | TSEK 717 | 86,06% |
| AX VI AddPro Holding I AB | Malmö, Sweden | TSEK 80 | 86,06% |
| AddPro DK Holding II ApS | Skovlunde | TDKK 13,140 | 86,06% |
| AddPro Danmark A/S | Skovlunde | TDKK 667 | 86,06% |
| Profacto A/S | Måløv | TDKK 501 | 86,06% |
| Job Next ApS | Aalborg | TDKK 80 | 86,06% |
| System Gruppen A/S | Aalborg | TDKK 1,000 | 86,06% |
| Systemcenter A/S | Randers | TDKK 500 | 86,06% |
| AX VI AddPro Group AB | Malmö, Sweden | TSEK 60 | 86,06% |
| AddPro As A Service AB | Malmö, Sweden | TSEK 50 | 60,24% |
| AddPro AB | Malmö, Sweden | TSEK 50 | 86,06% |
| itm8 TopCo ApS | Herning | TDKK 132 | 86,06% |
| itm8 Holding A/S | Herning | TDKK 3,318 | 86,06% |
| IT Relation A/S | Herning | TDKK 1,100 | 86,06% |
| Sotea A/S | Silkeborg | TDKK 626 | 86,06% |
| Mentor IT A/S | Esbjerg | TDKK 501 | 86,06% |
| Miracle 42 A/S | Ballerup | TDKK 501 | 86,06% |
| Progressive A/S | København | TDKK 400 | 86,06% |
| Copenhagen Software A/S | Ballerup | TDKK 400 | 86,06% |
| Emineo AB | Stockholm, Sweden | TSEK 100 | 86,06% |
| Sotea AB | Upplands Väsby, Sweden | TSEK 600 | 60,24% |
| Cenvation ApS | København | TDKK 80 | 86,06% |
| Improsec A/S | København | TDKK 400 | 86,06% |
| IT Relation Philippines Inc. | Philippines | TPHP 1,000 | 86,06% |
| itm8 s.r.o. | Prague, CZ | TCZK 0 | 86,06% |
| Kona Manco 1 ApS | Herning | TDKK 442 | 86,06% |

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Notes to the Financial Statements

8. Other fixed asset investments

Group

| | Other investments | Deposits |
|--|----------------------|---------------------|
| | TDKK | TDKK |
| Cost at 1 July | 0 | 0 |
| Exchange adjustment | 0 | 12 |
| Net effect from merger and acquisition | 358 | 9,051 |
| Additions for the year | 0 | 16 |
| Disposals for the year | 0 | -499 |
| Cost at 31 December | <u>358</u> | <u>8,580</u> |
| Carrying amount at 31 December | <u>358</u> | <u>8,580</u> |

9. Deferred tax asset

| | | |
|---|----------------------|-----------------|
| Net effect from merger and acquisition | 36,928 | |
| Amounts recognised in the income statement for the year | -8,274 | 0 |
| Deferred tax asset at 31 December | <u>28,654</u> | <u>0</u> |
| Recognised in the balance sheet as follows: | | |
| Assets | 44,946 | 0 |
| Provisions | 16,292 | 0 |
| | <u>28,654</u> | <u>0</u> |

10. Prepayments

Prepayments comprise prepaid expenses concerning subscriptions and licenses etc.

Notes to the Financial Statements

11. Other provisions

Other provisions relate to business acquisitions.

| | <u>Group</u> | <u>Parent company</u> |
|------------------|----------------|-----------------------|
| | <u>2021/22</u> | <u>2021/22</u> |
| | TDKK | TDKK |
| Other provisions | 59,400 | 0 |
| | <u>59,400</u> | <u>0</u> |

The provisions are expected to mature as follows:

| | | |
|--------------------------------------|----------|----------|
| Provisions falling due after 5 years | <u>0</u> | <u>0</u> |
|--------------------------------------|----------|----------|

12. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

| | <u>Group</u> | <u>Parent company</u> |
|--|------------------|-----------------------|
| | <u>2021/22</u> | <u>2021/22</u> |
| | TDKK | TDKK |
| Credit institutions | | |
| After 5 years | 4,016,656 | 0 |
| Long-term part | <u>4,016,656</u> | <u>0</u> |
| Within 1 year | 0 | 0 |
| Other short-term debt to credit institutions | 419,361 | 302,456 |
| Short-term part | <u>419,361</u> | <u>302,456</u> |
| | <u>4,436,017</u> | <u>302,456</u> |

Lease obligations

| | | |
|-----------------------|---------------|----------|
| After 5 years | 0 | 0 |
| Between 1 and 5 years | <u>15,300</u> | <u>0</u> |
| Long-term part | 15,300 | 0 |
| Within 1 year | <u>15,835</u> | <u>0</u> |
| | <u>31,135</u> | <u>0</u> |

Notes to the Financial Statements

Other payables

| | | |
|---------------------------|----------------|--------------|
| After 5 years | 35,147 | 0 |
| Between 1 and 5 years | 2,467 | 0 |
| Long-term part | 37,614 | 0 |
| Other short-term payables | 168,479 | 2,158 |
| | 206,093 | 2,158 |

13. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

Group

2021/22

TDKK

14. Cash flow statement - Adjustments

| | |
|---|----------------|
| Financial income | -8,099 |
| Financial expenses | 119,366 |
| Depreciation, amortisation and impairment losses, including losses and gains on sales | 132,163 |
| Tax on profit/loss for the year | 5,834 |
| | 249,264 |

Group

2021/22

TDKK

15. Cash flow statement - Change in working capital

| | |
|-------------------------------|---------------|
| Change in inventories | 4,761 |
| Change in receivables | 25,709 |
| Change in other provisions | -2,000 |
| Change in trade payables, etc | -10,574 |
| Other adjustments | 15,631 |
| | 33,527 |

Notes to the Financial Statements

16. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

The group has concluded leases with different periods of notice. The rent in the period of notice amounts to TDKK 51,519.

The group has also concluded leases on cars and computer equipment. The lease payment up to the end of the lease term amounts to TDKK 30,497.

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

17. Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

18. Fee to auditors appointed at the general meeting

PwC

| | <u>Group</u> |
|-----------------------------|----------------|
| | <u>2021/22</u> |
| | TDKK |
| Audit fee | 1,107 |
| Other assurance engagements | 1,073 |
| Tax advisory services | 152 |
| Non-audit services | <u>19,831</u> |
| | <u>22,163</u> |

19. Subsequent events

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

Notes to the Financial Statements

20. Accounting policies

The Annual Report of AX VI itm8 Holding III ApS for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2021/22 are presented in TDKK.

Recognition and measurement

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

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

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, AX VI itm8 Holding III ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Notes to the Financial Statements

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Purchase price allocations recognized in the financial statements for 2022 are provisional and may be changed in the financial statements for 2023. Such a change is done retrospectively with a restatement of comparatives.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Notes to the Financial Statements

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Segment information on revenue

Information on business segments and geographical segments is based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Net sales

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Direct expenses

Direct expenses comprise expenses paid to generate the revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Parent Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 7-20 years, determined on the basis of Management's experience with the individual business areas.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3-5 year.

Other intangible fixed assets

Customer relationships acquired is measured at cost less accumulated amortisation. Customer relationships is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3 - 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Notes to the Financial Statements

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

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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

Other fixtures and fittings, tools and equipment 3-5 years

Leasehold improvements 3-5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Fixed asset investments

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

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of unlisted equity investments, deposit and receivables.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

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

Notes to the Financial Statements

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning subscriptions and licenses etc.

Provisions

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

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year 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.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at 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.

Notes to the Financial Statements

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

| | |
|------------------|--|
| Gross margin | $\text{Gross profit} \times 100 / \text{Revenue}$ |
| Profit margin | $\text{Profit before financials} \times 100 / \text{Revenue}$ |
| Return on assets | $\text{Profit before financials} \times 100 / \text{Total assets at year end}$ |
| Solvency ratio | $\text{Equity at year end} \times 100 / \text{Total assets at year end}$ |
| Return on equity | $\text{Net profit for the year} \times 100 / \text{Average equity}$ |

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Jesper Frydensberg Rasmussen

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