ITRelation®
EVERYDAY IT SUPERHEROES

Annual Report 2018

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Translation of the Danish original. In case of discrepancy, the Danish version shall prevail. The Danish original can be retrieved at the Danish Business Authority at www.cvr.dk.

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2018 IN KEY FIGURES

IT with impact and respect for your business

At IT Relation, we help companies and organizations grow their business and purpose through optimal IT solutions. Both private and public. Small and large. We are here to improve our client's business with IT. It always starts by showing respect for the business of our clients.

Revenue MDKK

556

Departments in DK

8

EBIT MDKK

67

Profit margin

12%

Equity MDKK

26

Number of employees

412

Founded in Herning in 2003. Now with IT Superheroes
all over the country as well as in the Philippines.

IT solutions for everyone. Whatever their IT needs may be

Here, no customers are too big, too small, too simple, or too complex. We are here to improve our clients' business with IT. That is our starting point, whatever the need is, IT outsourcing or digitization of your business.

IT OUTSOURCING

IT outsourcing is about understanding your business

If you ask us, IT outsourcing is about more than server capacity and new technology. It's about how we can optimize your business.

ENTERPRISE

An IT partner that is here to create value. For you and your business

The central point of a partnership is your business. We are here to help you utilise your growth potential with IT.

DIGITIZATION

Fulfil your digital potential

The success of your business depends on your ability to digitize your work processes. We show you how.

READY-TO-USE

Get a ready-to-use IT setup. Customized to your IT needs

Get going quickly. And then add more when new needs arise in your business. We focus on making things happen. In practice and in everyday life.

PUBLIC

IT solutions that make you ready to meet the future

Get IT on SKI Framework Agreements. From a supplier who listens to your needs.

Business model

Resources

- No Problem culture
- Brand strategy
- Knowledge and certification
- Competences
- Employees
- Partners
- Ownership and capital
- Delivery model

Processes

Result

- Digitization
- Job creation and development of skills
- Ultimate customer service
- Society and training
- Compliance
- Optimal IT solutions
- Business acumen

Consultancy

- IT strategy
- 360 degree analysis
- Digitization
- Data

Solution

- IT outsourcing
- IT hosting
- IT security
- Service Desk 24/7
- Digitization

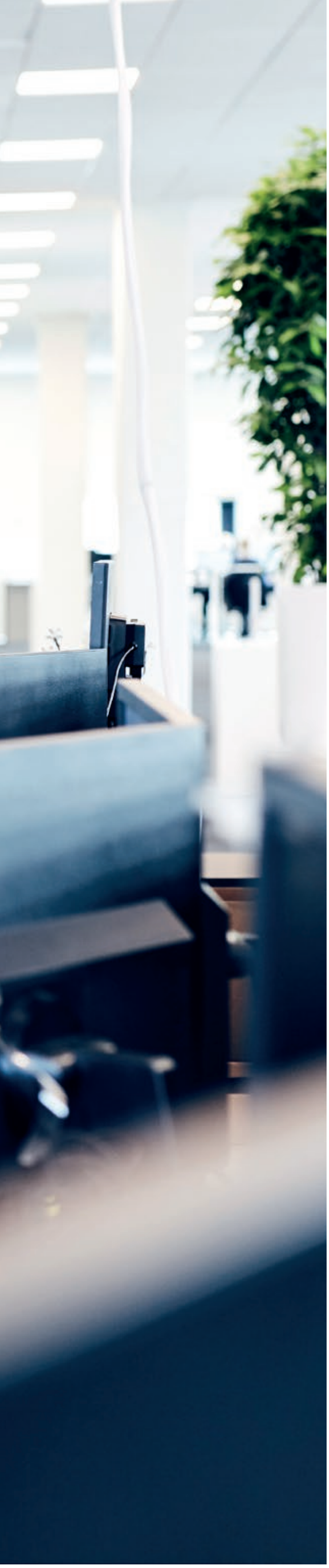
Service

- 24/7 support
- Customer satisfaction
- Client management

Implementation

- Strategy
- Plan
- Project management
- Training
- Delivery model


lenovo



MANAGEMENT'S REVIEW

A year of consolidations, increased customer acquisitions and more IT Superheroes

The combination of strong financial backing, great operating results and strategic acquisitions have strengthened our position and enabled us to meet and surpass the expectations of our owner, customers and business partners.

Hg as the new principal shareholder

In 2018, Hg acquired the majority stake in IT Relation from Adelis Equity Partners and became the principal shareholder. A natural change in ownership as IT Relation pursues further development both locally and abroad. The change in ownership has not caused any changes in the everyday lives of customers, employees, and management.

During the co-ownership of Adelis since the summer of 2016, IT Relation has quadrupled the Company through robust organic growth and successful acquisitions. With their knowledge of the industry, strong tech focus, and international presence, Hg is the perfect partner for the continued development of IT Relation.

This year's results and activities

In 2018, we achieved a strong profit before financial income and expenses (EBIT) of MDKK 67. The profit has increased by MDKK 18 compared to last year, which corresponds to an increase of 37%. This profit was driven by organic growth of more than 15% and growth from business combinations.

Strong organic growth

2018 has been a year of substantial organic growth in terms of customer development and more IT Superheroes. During the year, we were 412 IT Superheroes on average spread across the locations Herning, Aarhus, Aalborg, Kolding, Odense, Silkeborg, Hørsholm, Copenhagen and the Philippines.

A successful consolidation strategy

During the year, the Company merged with AC IntelliCom A/S and IT Afdelingen A/S (acquired by the Parent Company IT Relation Holding A/S). The consolidations were completed with accounting effect as from 1 January 2018. The comparative figures for previous years have not been restated with respect to the consolidations.

At the end of the year, the companies TechBiz ApS and Sotea A/S were acquired by the Parent Company, IT Relation Holding A/S (on 19 November 2018 and 21 December 2018, respectively). The two companies are expected to be merged into IT Relation A/S in 2019.

"We met the expectations of the year and achieved an ambitious growth objective in terms of substantial organic growth and a successful consolidation and integration strategy."

Henrik Kastbjerg, CEO

Business activity

In 2018, we developed our service-delivery platform further. New products have been added as well as new concepts. Among others, we developed a ready-to-use concept for less complex companies that need an immediate IT setup. For enterprise companies, we developed an IT partnership concept that offers our help as a strategic business partner.

Approved supplier of SKI framework agreements

Furthermore, we got a significant breakthrough in 2018. For the first time, we became party to the SKI framework agreement regarding managed services for the public sector. The SKI framework agreement is effective for the next four years (02.22) and represents a total value of MDKK 575.

A new customer centre in Copenhagen

In June, we merged two locations (Hellerup and Islands Brygge) to one customer centre at a new address in Copenhagen Ø. The purpose of this integration is to centralize competences and knowledge sharing for the benefit of our customers and business partners.

At the same time, we aim at strengthening the work environment and the social cohesion for our IT Superheroes in Copenhagen.

Customer satisfaction and KAPOW experience

2018 was also a year that saw great customer satisfaction. This by high ratings in customer satisfaction surveys and positive personal feedback from our customers. Several customers took the time to tell us what they think about of us.

Praise from our customers are what we call a KAPOW experience.

”Today, we felt the powers of the organization. This morning everything was down, so I contacted IT Relation according to protocol. Rarely have I met people who are so responsible and quickly get the job done. In a short space of time, everything was up and running again. To the defence of IT Relation, I must say that the fault wasn’t with them in the first place. Downtime is never a good experience, but it’s great to know that someone has your back.”

Customer quotation

”I just want to say that Nicolai has helped me in an extraordinary way. And that’s big words when it comes from a guy like me. What impressed me so much, besides his technical knowledge, was the way he stubbornly stayed on the assignment and kept going on his own as he knew how important a case this was for us.”

Customer quotation

Financial highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights

Profit/loss

KDKK	2018	2017	2016	2015	2014
Revenue	555,586	370,479			
Operating profit/loss	66,857	48,826	28,104	21,977	17,113
Profit/loss before financial income and expenses	66,868	48,980	28,225	21,977	17,113
Net financials	-2,238	-214	-682	37	-728
Net profit/loss for the year	50,363	37,882	21,363	16,811	12,200

Balance sheet

KDKK	2018	2017	2016	2015	2014
Balance sheet total	138,155	118,773	58,093	47,105	32,897
Equity	25,462	50,011	23,681	19,318	6,948
Investment in property, plant and equipment	20,578	22,652	6,708	10,777	10,323
Number of employees	412	274	114	70	59

Ratios

KDKK	2018	2017	2016	2015	2014
Gross margin	56.8%	57.9%			
Profit margin	12.0%	13.2%			
Return on assets	48.4%	41.2%	48.6%	46.7%	52.0%
Solvency ratio	18.4%	42.1%	40.8%	41.0%	21.1%
Return on equity	133.5%	102.8%	99.4%	128.0%	351.2%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the CFA Society Denmark. For definitions, see under accounting policies.

The comparative figures for previous years have not been restated with respect to the consolidations mentioned in Management's Review and are therefore not directly comparable. We refer to the section on business combinations in accounting policies for further information on the accounting treatment. The Company has not been obliged to disclose its revenue for 2014, 2015 and 2016.

Company information

The Company

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DK-7400 Herning

+ 45 70262988
info@itrelation.dk
www.itrelation.dk

CVR No.: 27 00 10 92

Financial year:
1 January - 31 December

Municipality of reg. office:
Herning

Board of Directors

Nicholas David Lloyd Jordan
Henrik Vestergaard Kastbjerg
Stig Bundgaard
Mikael Kjærgaard

Executive Board

Henrik Vestergaard Kastbjerg

Auditors

PricewaterhouseCoopers

Statsautoriseret
Revisionspartnerselskab

Strandvejen 44
DK-2900 Hellerup


ITRelation
HVERDAGENS IT SUPERHELTE

Strategy and objectives

Our expectations for 2019

We expect to continue our growth in 2019. Together with Hg, our new principal shareholder, we are well prepared for the future and, therefore, have ambitious objectives for 2019. We expect considerable growth in both revenue and EBIT. We plan to grow both organically and through further business combinations.


J. LAURITZEN

In 2019, we expect to continue our strong growth. Together with our new principal shareholder, Hg, we are well prepared for the future. IT Relation and the other group entities are expected to grow up to 40% in revenues through a combination of organic and acquisitive growth in 2019. Our growth will be in the interest of our customers, employees, and shareholders. We wish to grow organically in all business areas through new products and new customers. In Managed Services, we want to focus on the opportunities for further development of public cloud solutions together with our customers and partners.

Strategic acquisitions

We want to strengthen our geographic presence, our product catalogue, and operating platforms. We will do so primarily through strategic acquisitions of well-run businesses to supplement our existing activities, but also businesses that add new products and customer segments to supplement our own. The reason for this is our desire to be the customers' preferred partner and to offer solutions that add value to their businesses through our solutions.

Optimal IT solutions

Through our market-leading position on the SMB market in Denmark, we want to continue to create and offer optimal IT solutions to our customers in accordance with our values. At the same time, we want to increase our growth in EBIT by taking advantage of economies of scale and continuous improvement of our processes.

Social responsibility

Society is a common concern. We are deeply aware of that. And we assume our responsibility for the impact our business has on the surrounding community. It is not just something we say. It is how we act. To work socially responsible and with environmental awareness means a great deal to us.

High ethical standards

Our business is based on trust between us and our stakeholders. That is why we strive to work according to high ethical standards through honesty and credibility. We wish to be a value-adding partner to our clients and other stakeholders, not just a supplier of IT services.

We are dependent on our employees and their commitment. Therefore, it is our goal to create a diverse and healthy work environment where there are equal opportunities for all – regardless of gender, race, religion, and nationality.

As little environmental impact as possible

As a hosting provider, we are especially aware of our impact on the environment. Environmental considerations are a key priority. We work continuously to reduce our energy consumption in our everyday operations and endeavour to become a more sustainable environmentally friendly company.

No Problem culture

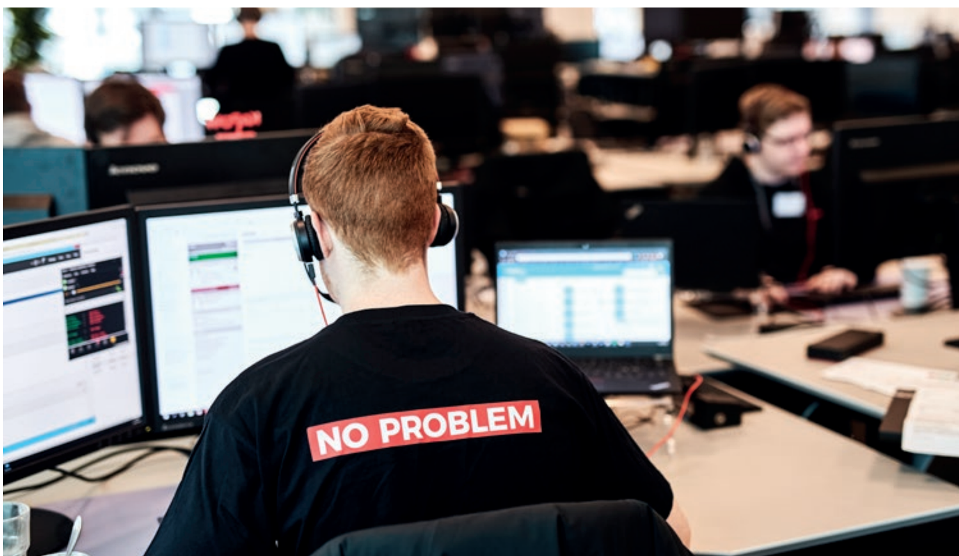
Optimal IT solutions.
Ultimate client service.
What do we strive for?
KAPOW!

No Problem is not just something we say. It is how we meet our IT challenges every day: Always with the execution of the individual assignment as a starting point. We consider the ability to put action after thought as our most unique skill. Does it work or not for the business of our customers? It is the actual change and improvements that count.

Our No Problem culture and values are at the heart of everything we think, say and do.

Everyday IT Superheroes

Our employees are IT Superheroes. They are the ones that make things happen every day. Our IT Super-heroes are on the case to make sure that we offer optimal IT solutions. And to give ultimate service to our customers. Never separately. Always at the same time. That is what our IT Superheroes stand for every day. And they smile while doing it.



The well-being of our employees

We have a great responsibility for the well-being of our employees. We are very serious about this. That is why we work determinedly with our employees' health and well-being.

Among others, we have a health policy for our canteen that allows our employees to choose green and nutritionally balanced meals every day. We also give our employees access to at-work massages to boost their physical well-being.

Project SUPER (HEALTHY) HERO

In 2019, we launched a big health project called "SUPER (HEALTHY) HERO". In the health project, 78 employees compete to become as healthy as possible. We have put together a spectacular course with weekly training using video sessions and four exciting joint events where all participants are tested on perseverance, strength, teamwork and healthy cooking.

We know that if we take care of our employees' health, it will be in the interest of our customers, stakeholders and workplace.

Every month we measure the employees' commitment and motivation using external measurement tools. We analyse the feedback we receive from our employees and identify areas for improvement. This is part of our continuous effort to become an even better workplace.

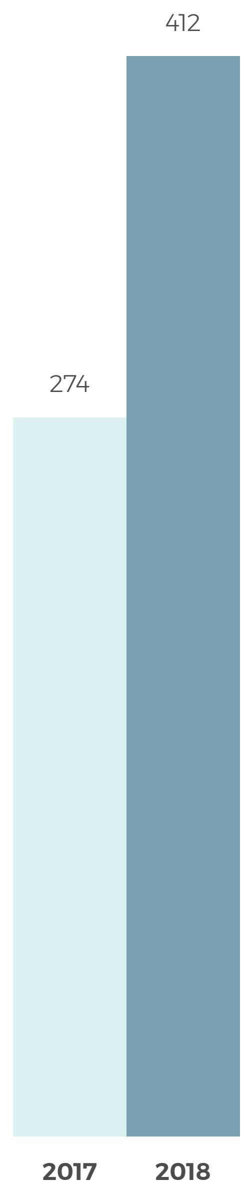
From 274 to 412 employees

In 2018, we grew from 274 to 412 employees. As we grow, we want to retain our existing employees. The right skills in the right place are vital to us. That is why we continuously invest in initiatives that ensure employee retention.

We continue to improve onboarding procedures. We prepare career plans and training courses to make sure our employees qualify for handling their job.

KAPOW Academy

KAPOW Academy is our educational institution with departments in Herning, Aarhus and Copenhagen. The purpose of the Academy is to bring out the true potential in all of IT Relation's employees – ranging from top



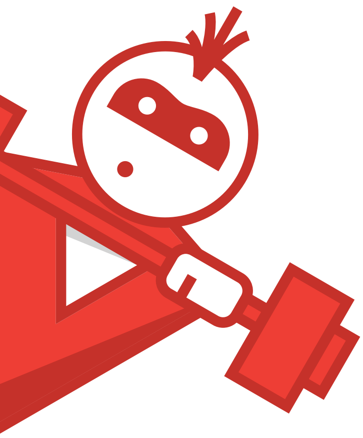
Increase in number of employees compared to last year

21

new students at KAPOW Academy in 2018

95%

of all students continue to work at IT Relation after they graduate



management to IT supporters and trainees.

At our KAPOW Academy, we offer training, educational activities and personal development to our employees based always on our motto: No limits, no excuses – NO PROBLEM.

We believe that by promoting employee development, we will strengthen the entire company's growth. That is why 2018 has been an eventful year in KAPOW Academy with numerous training courses and activities. To the benefit of both employees and the Company.

Trainee programme for IT students

We are taking a huge responsibility in educating young people. In 2018, 21 new students enrolled in our trainee programme at KAPOW Academy. Here, they go through an ambitious training programme designed to give Danish IT students the knowledge and skills needed to build a career in IT support and consulting.

The trainee programme provides training in subjects such as general behaviour, IT systems, corporate culture, customer insight and valuable customer service. After completing the 5-week introductory programme, the students further develop their specialist skills by working in various departments in the Company.

The most skilled IT students

We know from the educational institutions that our students in general are two marks above average. These results solidify the programme as a strong foundation for building a career in the IT industry. Fortunately, more than 95% of the students have continued to work for us after their exams.

Learning Management System

In 2019, we will introduce a Learning Management System (LMS) to handle the activities in the KAPOW Academy. The LMS will support a much more personalised experience for employees at the KAPOW Academy and pave the way for even more educational activities such as e-learning.

”An ambitious training programme designed to give Danish IT students the knowledge and skills needed to build a career in IT support and consulting.”

Risk landscape

Risk management is vital to stay ahead in the ever-changing market we face. We work continuously to outline the most critical risks and initiatives to reduce them. Our Board of Directors frequently reviews these risks and mitigating actions and uses them as a basis for new initiatives.

Risk management

Risk	Mitigating actions
Ability to develop new and existing clients	▪ Digital transformation initiatives ▪ Flexible delivery models (own data centres, own cloud and public cloud) ▪ Marketing, monitoring and dedicated client accounts 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 incl. General Data Protection Regulation (GDPR)	▪ Contract management framework to improve and monitor obligations ▪ Data Protection Officer (DPO) chosen ▪ Comprehensive GDPR training of employees
Attracting and retaining talent	▪ Student, repetition and specialist training programmes ▪ To focus training on new technologies ▪ Systematic employee development planning ▪ Strategic collaboration with educational institutions ▪ Branding of IT Relation
Operation and delivery incl. cyber security	▪ Advanced datacentre setup ▪ Security roadmap ▪ Flexible delivery setup ▪ Management of projects and delivery ▪ Security and compliance team

Responsibilities

Attitude towards sustainability

At IT Relation, our objective is to generate sustainable progress through our business operations. To operate a company in a socially responsible and ethical correct manner is an important part of our values. We believe that sustainable operation creates value for the share-holders also.

We are committed to:

- conducting our business in a socially responsible and ethical manner
- respecting the health and safety of our employees
- respecting the human rights of our employees, the employees of our suppliers and the residents of the communities in which we operate
- minimising the impact of our business on the environment
- respecting, engaging and supporting the communities and cultures with which we work

At the same time, we greatly respect external factors such as, among others, climate changes. And we focus strongly on limiting our carbon footprint.

CSR risks

Social and employee matters

Risk	Mitigating actions
Attracting and retaining talent	▪ Employee value proposition ▪ Employee engagement survey and feedback ▪ KAPOW graduate programme ▪ Focus on transparency, ownership, accountability and relationships ▪ Focus on relations to employees and between employees ▪ Involvement in decision processes ▪ Focus on delegation
Breaches of our Code of Conduct	▪ New joiner training on our Code of Conduct ▪ Anonymous feedback tool
Stress-related absence	▪ Stress-related training and support ▪ Stress helpline via employee health insurance
Ergonomic strains	▪ Workstation and desktop assessment ▪ Equipment such as adjustable chairs and desks
Low gender diversity	▪ Focus area in the recruitment process

Anti-bribery and corruption

Risk	Mitigating actions
Third parties and due diligence	▪ Gifts and entertainment policy ▪ Anti-bribery and corruption training for employees ▪ Anti-bribery clause included in contracts for new and high-risk suppliers

Climate change and environment

Risk	Mitigating actions
Increased energy costs	▪ Carbon footprint – we will start measuring our carbon footprint in 2019 ▪ Energy consumption – we have initiated measuring energy consumption in the primary DC in 2018

CSR policy

Social and employee matters

Code of conduct

Our code of conduct sets the standard we expect of all employees. In addition to our core values, it covers the expectations we have of our employees, ethics, communications and behaviours.

CSR key figures for 2018

- 100% of new employees completed the code of conduct training in 2018

Social and employee matters

Workplace health and safety policy

Our workplace health and safety policy sets out our commitment to managing health and safety effectively in our workplace. All of IT Relation's staff is office based, so key focus areas include workstation ergonomics, eyestrains (tired and dry eyes) and stress management. All employees are required to conduct an assessment of their workstation which helps identify areas for improvement.

Our employee insurance programme provides comprehensive insurance of all employees and ensures quick access to proactive health care when required, including but not limited to a stress-line and counsellors.

CSR key figures for 2018

- Average number of employees: 412
- The number of employees went from 274 to 412
- Reported accidents: 1
- The average sickness rate is 3%
- Monthly employee engagement survey score (Peakon) is 8 out of 10
- Employee eNPS score (Employee Net Promoter Score) is 32 (above market average)

Anti-corruption

Anti-bribery and corruption policy

It is our policy to conduct all of our business in an honest and ethical manner. We have a zero tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we implement and enforce systems to counter bribery and corruption.

Our anti-corruption policy states what we expect of employees including how to deal with gifts, third parties and suppliers. 100% of staff identified as needing training anti-bribery has completed it in the last three years.

CSR key figures for 2018

- 100% of new employees completed CoC training in 2018
- No breaches reported in 2018

Climate change

Climate change policy

We recognise the risks related to climate change and are committed to reducing air emissions. No formal policy has been drawn up regarding our impact on the climate; it is a goal for the next financial year to comprehensively outline our efforts in this area and identify areas for improvement. A goal for 2019 is identifying the gaps under ISO 14001 Environmental MS.

IT Relation has 11 data centres and is committed to optiming these to reduce our energy consumption. In 2018 and into 2019, we are following a consolidation plan to reduce the number of data centres and consumption. In 2018, we closed three datacentres and will keep focusing on investing in new equipment with lower energy consumption.

CSR key figures for 2018

- Carbon (CO_2) footprint – aiming at starting to measure this in 2019
- Energy consumption – we have initiated measuring energy consumption in the primary DC in 2018

Environment

Environmental policy

At present, we have not drawn up any formal policy regarding our impact on the environment. Reducing our environmental impact is important to us. However, as a service and IT company with no manufacturing sites, our environmental impact is limited.

We are taking actions to reduce our impact on the environment, including recycling waste in our offices and kitchens, as well as reducing our travel. We try to use Skype as often as possible, but when travel is required, we try to limit our impact by carpooling and staying together in hotels. We have a limited number of leased company cars; many of them being more eco-friendly hybrids.

Human rights

Human rights policy

With a simple supply chain (the majority of our suppliers are Danish or West-European) we consider our supply chain to be responsible with limited risk to breach human rights. We do our best to work with reputable suppliers and constantly monitor our supply chain, and to our knowledge no one, including ourselves, are violating human rights.

We do not have a separate policy on human rights, but are of course committed to the United Nations' Declaration of Human Rights.

Compliance and IT security activities

Compliance is vital for us. Therefore, we recognise the importance of keeping our customers' and employees' data safe. Our privacy statement provides transparency on how we deal with personal data.

Since the GDPR entered into force (in May 2018), we have increased our focus on protecting the data we store and process on behalf of our employees and third parties.

We offer a wide range of products that help our customers in their compliance with GDPR. For example, our secure email solution helps encrypt sensitive data, so it can be emailed without risk, and our security workshops and GAP analysis help identify potential areas for priority.

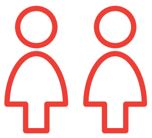
A specialised security & compliance team

We have selected a "Security and Compliance Team" with formal ownership of ongoing tasks internally and externally. The "Security and Compliance Team" is responsible for developing new security services to help both IT Relation and our customers protect personal data in the best possible way.

IT security is a focus area we continuously do our best to control and improve.

- Once a year, we are audited by an independent auditor
- Our hosting services are ISAE 3402 Type 2 certified
- Our security standards are built on principles described in the ISO 27001 framework
- We are working towards a full ISO 27001 implementation and certification.

Gender composition



Two women have been assigned to participate in the duties of the Board of Directors in 2018

Every employee has a right to work in an environment which provides equal opportunities for all, regardless of ethnicity, background, religion, gender, sexual orientation, age and disability. That is our most profound conviction, and we strive to make every effort to create and maintain such an environment.

We want to be a company where equal opportunity is a reality and in which every individual can seek, obtain and continue employment without unfair discrimination. We do not tolerate harassment or discrimination and have communicated this clearly to our employees as part of our equal opportunities policy and Code of Conduct.

Initiatives to improve gender diversity

We have taken a number of steps to improve gender diversity in our IT business.

- All job advertisements are directed at both genders
- We intensified our focus on diversity in 2018
- At different management levels in the Company, women have been appointed both in administration and line functions
- In connection with the change of ownership from Adelis Equity Partners to Hg in August 2018, women were not expected to be appointed to the Board of Directors for the remaining part of 2018. However, we have now assigned two women to participate in the duties of the Board of Directors
- In the period up to 2022, we aim at including one woman in the Board of Directors

Our focus going forward is to work continuously on diversity and gender politics in the entire organisation. One particular focus area will be to influence educational institutions to increase women's knowledge of the IT business. This will increase the recruitment base of women.


ion
SUPERHELTE

Financial Statements

Income statement
1 January - 31 December

KDKK	Note	2018	2017
Revenue	**1**	**555,586**	**370,479**
Other operating income		11	154
Direct expenses		-178,886	-113,841
Other external expenses		-61,075	-42,272
Gross profit/loss		**315,636**	**214,520**
Staff expenses	2	-221,787	-144,053
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-26,981	-21,487
Profit/loss before financial income and expenses (EBIT)		**66,868**	**48,980**
Income from investments in subsidiaries		-217	14
Other financial income		124	0
Other financial expenses		-2,145	-228
Profit/loss before tax		**64,630**	**48,766**
Tax on profit/loss for the year	3	-14,267	-10,884
Net profit/loss for the year		**50,363**	**37,882**

Balance sheet 31 December

Assets

KDKK	Note	2018	2017
Completed development projects		15	198
Acquired licenses		1,423	1,721
Goodwill		12,162	6,927
Development projects in progress		2,718	0
Intangible assets	4	**16,318**	**8,846**
Other fixtures and fittings, tools and equipment		34,976	30,727
Leasehold improvements		7,158	7,277
Property, plant and equipment in progress		302	0
Property, plant and equipment	5	**42,436**	**38,004**
Other investments		3	3
Deposits		1,724	1,021
Other receivables		615	0
Fixed asset investments	6	**2,342**	**1,024**
Fixed assets		**61,096**	**47,874**
Inventories		**1,221**	**2,713**
Trade receivables		70,568	49,552
Contract work in progress		817	3,218
Receivables from group enterprises		19	314
Other receivables		1,049	353
Deferred tax asset	10	59	0
Prepayments	7	3,039	2,357
Receivables		**75,551**	**55,794**
Cash at bank and in hand		**287**	**12,392**
Current assets		**77,059**	**70,899**
Assets		**138,155**	**118,773**

Liabilities and equity

KDKK	Note	2018	2017
Share capital		1,011	886
Reserve for development costs		2,120	0
Retained earnings		22,331	49,125
Equity	8	**25,462**	**50,011**
Provision for deferred tax	10	0	1,238
Provisions		**0**	**1,238**
Lease obligations		306	2,878
Other payables		852	0
Long-term debt	11	**1,158**	**2,878**
Credit institutions		12,392	288
Lease obligations	11	2,525	5,560
Trade payables		31,448	23,125
Payables to group enterprises		2,269	0
Corporation tax		15,445	2,610
Other payables	11	36,100	22,063
Deferred income	12	11,356	11,000
Short-term debt		**111,535**	**64,646**
Debt		**112,693**	**67,524**
Liabilities and equity		**138,155**	**118,773**

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Related parties	14
Accounting policies	15

Statement of changes in equity

KDKK	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January	886	0	49,125	50,011
Net effect from merger	125	0	23,110	23,235
Adjusted equity at 1 January	1,011	0	72,235	73,246
Extraordinary dividend paid	0	0	-98,147	-98,147
Development costs for the year	0	2,120	0	2,120
Net profit/loss for the year	0	0	48,243	48,243
Equity at 31 December	1,011	2,120	22,331	25,462

Notes to the financial statements

01 Revenue

KDKK	2018
Business segments	
Managed Services	499,252
Other revenue	56,334
	555,586

Revenue from the Danish market exceeds 90% of total revenue and, consequently, no details are disclosed on the geografical composition of revenue.

02 Staff expenses

KDKK	2018	2017
Wages and salaries	209,642	135,108
Pensions	9,885	7,397
Other social security expenses	2,260	1,548
	221,787	**144,053**
Average number of employees	**412**	**274**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

03 Tax on profit/loss for the year

KDKK	2018	2017
Current tax for the year	15,657	9,967
Deferred tax for the year	-1,390	820
Adjustment of tax concerning previous years	0	97
	14,267	**10,884**

04 Intangible assets

KDKK	Completed development projects	Acquired licenses	Goodwill	Development projects in progress
Cost at 1 January	2,034	4,885	11,858	0
Net effect from merger	0	945	13,207	0
Additions for the year	0	545	0	2,718
Transfers for the year	0	0	1,472	0
Cost at 31 December	2,034	6,375	26,537	2,718
Impairment losses and amortisation at 1 January	1,836	3,164	4,931	0
Net effect from merger	0	639	6,371	0
Amortisation for the year	183	1,149	2,706	0
Transfers for the year	0	0	367	0
Impairment losses and amortisation at 31 December	2,019	4,952	14,375	0
Carrying amount at 31 December	**15**	**1,423**	**12,162**	**2,718**

Development projects in progress relate to new case handling systems and comprise both external assistance and internal hours.

Goodwill transferred consists of goodwill from the liquidation of OsTeam A/S.

05 Property, plant and equipment

KDKK	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
Cost at 1 January	84,567	18,595	0
Net effect from merger	19,781	495	0
Additions for the year	19,299	2,229	302
Disposals for the year	-11,757	0	0
Cost at 31 December	111,890	21,319	302
Impairment losses and depreciation at 1 January	53,840	11,318	0
Net effect from merger	14,260	474	0
Depreciation for the year	20,571	2,369	0
Reversal of impairment and depreciation of sold assets	-11,757	0	0
Impairment losses and depreciation at 31 December	76,914	14,161	0
Carrying amount at 31 December	**34,976**	**7,158**	**302**
Including assets held under finance leases amounting to	5,094	0	0

06 Fixed asset investments

KDKK	Other investments	Deposits	Other receivables
Cost at 1 January	13	1,021	0
Net effect from merger	0	434	664
Additions for the year	0	820	450
Disposals for the year	0	-551	-499
Cost at 31 December	13	1,724	615
Impairment losses at 1 January	10	0	0
Impairment losses at 31 December	10	0	0
Carrying amount at 31 December	**3**	**1,724**	**615**

07 Prepayments

Prepayments comprise prepaid expenses concerning rent, data lines, insurance premiums, sponsorships, licenses, etc.

08 Equity

The share capital consists of 4,044 shares of a nominal value of KDKK 250. No shares carry any special rights.

The share capital has developed as follows:

KDKK	2018	2017	2016	2015	2014
Share capital at 1 January	886	508	508	508	508
Capital increase	125	378	0	0	0
Capital decrease	0	0	0	0	0
Share capital at 31 December	**1,011**	**886**	**508**	**508**	**508**

09 Proposed distribution of profit

KDKK	2018	2017
Extraordinary dividend distributed	98,147	28,000
Transfer to/from reserves in accordance with the Articles of Association	2,120	0
Retained earnings	-49,904	9,882
	50,363	**37,882**

MDKK 8 of the MDKK 98 is distributed as ordinary dividends to the former shareholders of IT Afdelingen A/S and MDKK 90 to IT Relation Holding A/S.

10 Deferred tax asset

KDKK	2018	2017
Deferred tax asset at 1 January	-1,238	-839
Amount recognised for the year in the income statement	1,390	-820
Net effect from merger	-93	421
Deferred tax asset at 31 December	**59**	**-1,238**

11 Long-term debt

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

The debt falls due for payment as specified below:

KDKK	2018	2017
Lease obligations		
Between 1 and 5 years	306	2,878
Long-term part	306	2,878
Within 1 year	2,525	5,560
	2,831	**8,438**
Other payables		
Between 1 and 5 years	852	0
Long-term part	852	0
Other short-term payables	36,100	22,063
	36,952	**22,063**

12 Deferred income

Deferred income concerns income in subsequent financial years.

13 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

The Company has concluded leases with different periods of notice. The rent in the period of notice amounts to KDKK 28,477.

The Company has also concluded leases on cars. The lease payment up to the end of the lease term amounts to KDKK 3,844.

Other contingent liabilities

The group entities are jointly and severally liable for tax on the jointly taxed income etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Iter Topco ApS, which is the management company of the joint taxation. Moreover, the group enterprises 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 with-holding taxes may increase the Company's liability.

14 Related parties

	Basis
Controlling interest	
IT Relation Holding A/S	Principal shareholder

Transactions

During the year, there have been no transactions that have not been made on an arm's-length basis.

15 Accounting policies

The Annual Report of IT Relation A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in DKK thousands.

Cash flow statement

IT Relation A/S has not prepared any cash flow statement as it is included in the consolidated cash flow statement of Iter Midco ApS.

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.

Business combinations

Intragroup business combinations are accounted for under the book-value method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The method is applied at the date of acquisition, and comparative figures have not been restated.

Leases

Leases in terms of which the Company 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 Company.

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.

Revenue

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

Income Statement

Revenue

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

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 Company. 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 the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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 Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 7-8 years.

15 Accounting policies (continued)

Completed development projects and acquired licenses are measured at the lower of cost less accumulated amortisation and recoverable amount. Completed development projects and licenses are amortised over the remaining contract 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.

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 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	2-3 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment 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 recognised and measured under the equity method.

The item“Investments in subsidiaries” in the balance sheet includes the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

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 and deposit.

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. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

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.

Contract work in progress

Contract work in progress regarding service 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 rent, data lines, insurance premiums, sponsorships, licenses, etc.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets 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 within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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

Deferred income

Deferred income comprises income in subsequent financial years.

15 Accounting policies (continued)

Explanation of financial ratios

$$\text{Gross margin} = \frac{\text{Gross profit x 100}}{\text{Revenue}}$$

$$\text{Profit margin} = \frac{\text{Profit before financials x 100}}{\text{Revenue}}$$

$$\text{Return on assets} = \frac{\text{Profit before financials x 100}}{\text{Total assets}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$$

$$\text{Return on equity} = \frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$

Management's statement and auditor's report


The best way to predict
the future is to invent it

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of IT Relation A/S for the financial year 1 January - 31 December 2018.

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

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

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

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

Herning, 28 May 2019

Executive Board

Henrik Vestergaard Kastbjerg

Board of Directors

Nicholas David Lloyd Jordan	Henrik Vestergaard Kastbjerg	Mikael Kjærgaard
Stig Bundgaard		

Independent auditor's report

To the Shareholder of IT Relation A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of IT Relation A/S for the financial year 1 January - 31 December 2018, 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' 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 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 Financials 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 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 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.

Aarhus, 28 May 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31

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