



ANNUAL REPORT 2020

CONTENTS

MANAGEMENT'S REVIEW

- 6 2020 financial summary
- 8 IT solutions meeting business needs
- 10 Business model
- 12 An unusual year – yet we reached our ambitious targets
- 14 Performance and activities for the year
- 18 Green IT on the agenda
- 20 Key figures and financial ratios
- 22 Company information

Strategy and objectives

- 26 Outlook for 2021
- 29 Our family
- 32 The No Problem culture is what sets us apart
- 33 We are the Everyday IT Superheroes
- 34 Career and development opportunities
- 36 Work culture and employee satisfaction
- 38 Working climate and job satisfaction
- 40 Risk landscape

Our responsibilities

- 45 We take sustainable responsibility
- 46 Compliance and IT security activities
- 48 Gender composition
- 50 CSR risks
- 52 CSR policy
- 55 An inclusive and diverse workplace

FINANCIAL STATEMENTS

- 59 Income statement 1 January - 31 December
- 60 Balance sheet at 31 December
- 62 Statement of changes in equity
- 63 Notes to the financial statements

Management's statement and auditor's report

- 81 Management's statement
- 82 Independent auditor's report



12

An unusual year - yet we reached our ambitious targets.

Along with the rest of the world, we faced challenges. Even so, we successfully strengthened our overall business.



36

Work culture and employee satisfaction

We aim to be first movers when it comes to the workplace of tomorrow.

18

Green IT on the agenda

We need to take our share of responsibility for the society we are part of. Climate change is real and is high on our agenda.



45

We take sustainable responsibility

We feel committed to acting responsibly and maintaining a sustainable mindset.



MANAGEMENT'S REVIEW

- 6 2020 financial summary
- 8 IT solutions meeting business needs
- 10 Business model
- 12 An unusual year – yet we reached our ambitious targets
- 14 Performance and activities for the year
- 18 Green IT on the agenda
- 20 Key figures and financial ratios
- 22 Company information



2020 financial summary

Supporting customers' business through IT

That's simply what we're here for. Our approach is business first. With IT solutions as a close second. We're here to help our customers achieve a business impact with IT. To us, this always starts with showing the greatest respect for our customers' business.

We're confident that the direct path to shared success starts with understanding our customers' IT needs, business, culture and organisation. This is a prerequisite for our ability to define the IT solution, workflow and not least the dedicated customer team that are best equipped to meet the specific needs of each individual customer.

REVENUE, DKKM**641****EBITDA, DKKM****113****EQUITY, DKKM****36****BRANCHES****9****EBITDA MARGIN****18%****AVG. NUMBER OF EMPLOYEES****480**



- IT Relation locations
- Locations of affiliated companies and subsidiaries

Founded in Herning in 2003. Now featuring IT Superheroes throughout Denmark and in the Philippines.

IT solutions meeting business needs

No two companies are alike. The same goes for their IT needs. We respect that. And we know how to step in precisely where a company's business needs are. Whether its infrastructure needs to be strengthened or its digital processes need to be optimised.

We never talk about customers being too small, too large, too complex or too simple. Our powerful expertise is broad-based and profound. And our IT solutions cater to all needs across a company's business.

As our approach is agile and our solutions are scalable, we can quickly customise IT setups to changing business needs. And whether our customers' needs are small or large, our starting point is always to create a business impact with IT.





IT outsourcing is about business understanding

IT outsourcing is about identifying the areas where IT can support a company's growth potential. And it's about giving customers the freedom to concentrate on their core business. The way we do this is to simplify and optimise.

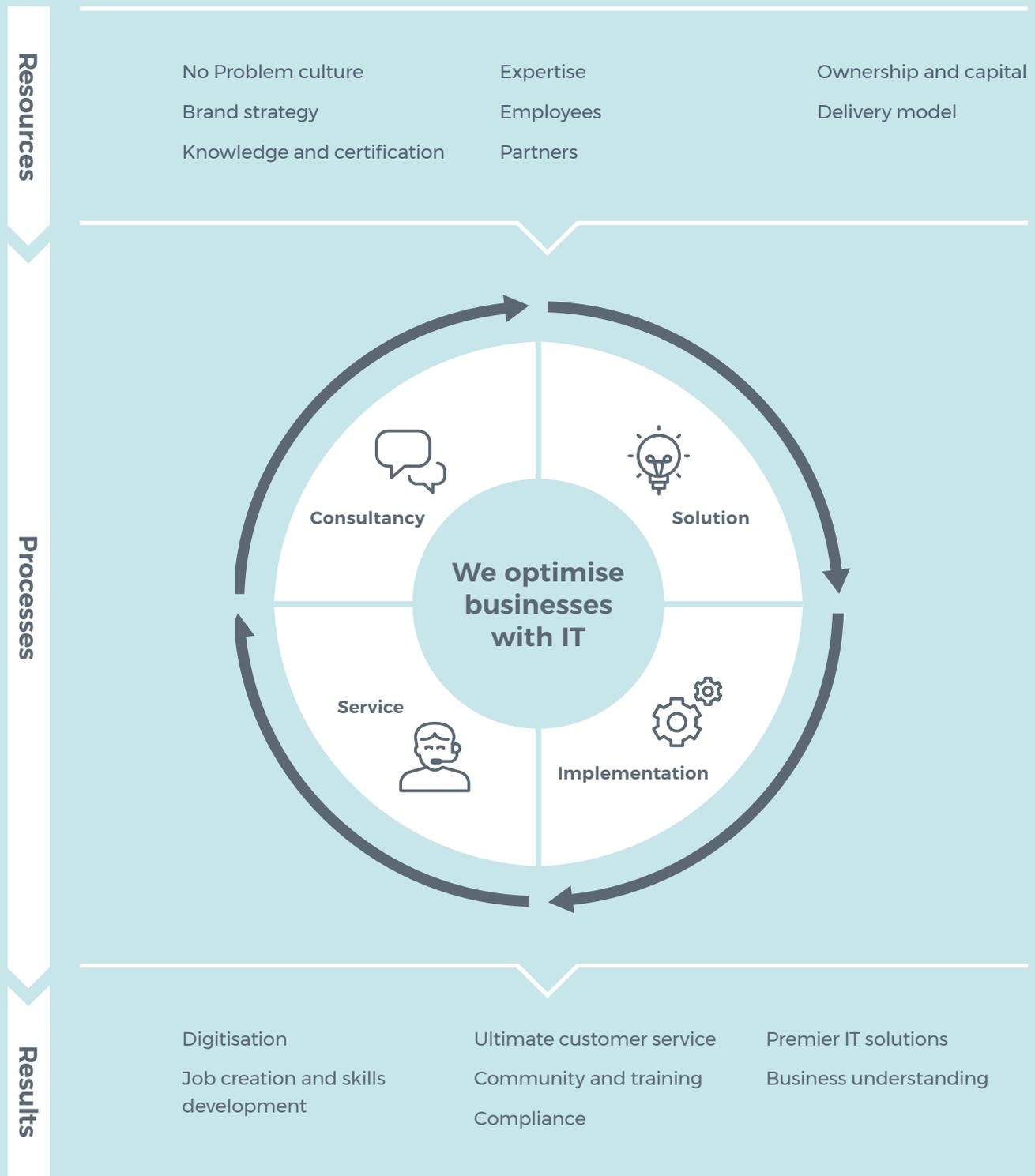


Digitisation to promote growth

A company's business success is impacted by its ability to digitise work processes by means of IT. We help our customers choose and implement the digital solutions that ensure they can keep up with the technological pace and embrace growth opportunities.

Business model

360-degree approach to IT, placing business optimisation at the heart of our solutions.





Consultancy

- IT strategy
- 360-degree IT analysis
- Cloud readiness analysis
- IT security analysis and Baseline Security
- Digitisation



Solution

- IT outsourcing and hosting
- IT security
- Service Desk 24/7
- Digitisation of work processes
- Hardware-as-a-service



Service

- 24/7 IT support
- Customer satisfaction
- Client management
- Service delivery management



Implementation

- Strategy
- IT project management
- User training
- Delivery model

An unusual year – yet we reached our ambitious targets.

We aimed high. Organic growth, consolidation and strong operating results. Then the pandemic hit. Along with the rest of the world, we faced serious challenges. Nevertheless, we successfully strengthened our overall business in 2020.

2020 was an unusual and challenging year in many respects. Like the rest of the world, we and our customers had to adapt to a new remote-work reality. And we did! We consolidated our agility – and our ability to act efficiently in a remote-work reality – in terms of our approach to managing our business and our way of integrating digital tools in our day-to-day operations.

Dealing with COVID-19

Public spirit was top of the agenda in 2020. We delivered on all our agreements with suppliers and business partners. And in the spring, we pulled together and entered into a collective four-month agreement on salary reduction. Our aim was to avoid job cuts, and we succeeded.

Flexible business model

Many of our customers have experienced the value of our flexible business model during the pandemic. Customers who had to reduce the level of activity or lay off staff were able to very quickly adjust capacity in respect of data,

support and the number of users under their hosting agreements. Thus, our change-ready business model demonstrated its ability to accommodate changing customer needs.

Intensified demand for digitisation and IT optimisation

Many companies had to arrange for some or all of their employees to work from home during the pandemic. This intensified the need for optimal IT solutions. We hold a strong position in this field and have played a pivotal role in enabling our customers to arrange efficient remote working.

Even though the pandemic will remain on the agenda in 2021, we are starting the new year on an upbeat note. We see a future where supporting companies on their digital journey becomes ever more important. We have every confidence that we can assist our customers on that journey.



Performance and activities for the year

In a year ridden with unforeseen challenges and with many industries having to reinvent themselves, we managed to strengthen our business, meeting the 2020 expectations of our owners, our customers and our business partners.

EBITDA exceeded DKK 113 million (DKK 88 million in 2019), including special integration-driven costs. Adjusted for these costs, underlying EBITDA came to DKK 125 million (DKK 112 million in 2019).



Growth for the year

Although the first half of the year was characterised by restraint and caution, we successfully continued to grow our business in 2020. Growth was driven by an inflow of new customers and more IT Superheroes. Revenue grew by DKK 27 million (DKK 59 million in 2019) to DKK 641 million from DKK 614 million in 2019, while our team of IT Superheroes expanded from 464 to 480.



Adding new expertise

During the year, our parent company, ITM8 Holding A/S, strengthened its position in the Danish market by acquiring a number of successful companies, i.e. Hostingkompagniet, C2IT Infrastructure, C2IT iØst and Scott/Tiger, a specialist IT services provider offering unique database, applications testing, operations and support expertise.

And we finished the year by acquiring Improsec, thus adding to our IT security skills. Cyber security is an increasingly important focus area for all companies, and we are excited to be expanding our business in that field.



At the cutting edge of remote working

During the national lockdown in 2020, there was great demand for digital tools and expertise to enhance the efficiency of remote working. Against this background, we set up a Remote Academy in the course of two weeks, a free learning and inspirational portal for our customers, employees and other stakeholders.

Among other things, Remote Academy provides remote working recommendations and video courses on online meetings, distance collaboration, home work station IT security, IT equipment and social cohesion on virtual channels.

At the same time, we converted our physical seminars and events into webinars. During the year, we hosted ten online events with more than 4,000 participants - with Microsoft Teams training attracting particular interest.

We aim to remain at the cutting edge of remote working.



Developing new innovative solutions

Development and innovative thinking drives growth. Accordingly, we developed a number of new IT solutions in 2020 to support our customers even better in overcoming their changing day-to-day challenges.

For instance, we launched Baseline Workplace in the recognition that many customers do not realise the full potential of Office 365. Baseline Workplace is a "get started" package for Office 365 that is intended to enhance collaboration, strengthen communications and improve document handling.

Cyber security was challenged once again in 2020 - especially because of the many remote work stations that were set up within a short time frame.

In response, we upgraded our Baseline Security solution with a Plus version containing an extra layer of security that enables even better identification and tracking of threats.



International information security certification

A 2020 highlight was when we were certified to the independent, international ISO/IEC 27001:2013 standard in August.

The certification confirms that we comply with the standards of the Information Security Management System and satisfy comprehensive requirements regarding organisation, accountability, implementation, maintenance and continuous improvement of information security.



Controlling data security

Having documentation that we take proper care of our customers' data and systems and that we are well prepared to counter the growing cybercrime threat scenario not only makes us proud – it is also of great importance to us.

We have implemented the ISO 27001 standard throughout our organisation – including our data centres. This implies that we perform regular risk assessments and internal audits for purposes of ensuring the efficiency of our management system and procedures.



Premier IT solutions and ultimate customer service

Our mission is to provide premier IT solutions and ultimate customer service. Never separately. Always at the same time. This is more than mere words. For us, it is about choosing the right technology, the right IT equipment and the right security measures and combine them with empathetic, smiling and flexible customer service.

When our customers experience premier IT solutions and ultimate customer service, we call it KAPOW. Many of our customers are good at verbalising their KAPOW experiences, and we received lots of customer stories in our inbox during 2020.

The consultants from IT Relation had a thorough knowledge of the programmes we use. All my concerns about an external party's ability to understand our systems and processes were laid to rest.

Jeppé Dahl Larsen, IT Manager, Alabu Bolig



Ambitious about customer satisfaction

We made a dedicated effort to further develop our customer satisfaction surveys in 2020, our ambition being to build even closer relations with our customers. To do that, we need to have our ears to the ground and be able to quickly launch initiatives to strengthen customer satisfaction.

We aim to enhance customer satisfaction at two levels: across services and at our Service Desk.

Service Desk customer satisfaction

In 2020, we launched a pilot project to use artificial intelligence in analysing Service Desk conversation quality. We use software (Capturi) that analyses a number of parameters, including:

- The customer's vocal pitch (predominantly positive or negative?)
- Which words are used and which are not?
- Does the employee address all the issues raised during the conversation?

This helps us achieve a more balanced picture of our customers' satisfaction than that provided by traditional rating scores, which are usually provided only by very satisfied or very dissatisfied customers. And we can use the surveys to teach our employees how to provide even better customer support.

Customer satisfaction across the organisation

We approach customer satisfaction across the organisation based on NPS (Net Promotor Score), but we would like to go a bit deeper.

To that end, we developed a number of supplementary questions in 2020 in collaboration with Relation Monitor.

We conduct customer satisfaction surveys twice a year. All responses are visible on a dashboard accessible to both our Client Managers and our Service Delivery Managers.

In addition, we have set up alarms that are activated if, for instance, a customer rates us below average to the question "Would you recommend IT Relation?". We will then reach out to the customer within 24 hours to learn how we can improve our services.

GREEN IT ON THE AGENDA

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%.

The cloud may be the way to reducing our carbon footprint

In recommending the cloud journey to our customers, the carbon footprint is therefore one of our main arguments. For the same reason, we launched "Azure Migrate Assessment" in 2020, an analysis that provides companies with an overview of the cloud

journey. What is the optimal cloud journey for the company in question, what are the benefits, what should the next step be and – not least – what is the cost of the journey?

We are experiencing increasing demand for cloud solutions. Customers are beginning to realise the benefits: increased efficiency, mobility and security combined with a multitude of green benefits. We expect demand to continue to grow in the years ahead.

Partnering up with climate experts

Under the working title "Green IT", we worked on a number of green initiatives in 2020, partnering up with climate experts from Microsoft and The Footprint Firm in order to gain a broader perspective on the agenda.

This resulted in, among other things, a green IT webinar during which we, supported by sustainability guru Emil Skals of The Footprint Firm, offered our best recommendations for how to strengthen a company's green profile by means of IT. In 2020, we also prepared an e-book, "Din guide til grøn IT" (Your guide to green IT; available in Danish only), which pinpoints some of the low-hanging green IT fruits just waiting to be picked by our customers.

We have only just embarked on the green agenda and intend to persistently pursue our ambition to make a sizeable contribution towards reducing carbon emissions, not only through internal efforts but externally as well, focusing on steering our customers towards a greener IT profile.

Sustainability will be a major competitive parameter in the years ahead, including for us.

What are we doing to reduce carbon emissions?

Consolidating data centres

We will continue to consolidate our data centres. Over the past two years, we have closed 11 data centres, eight of them in 2020.

100% carbon-neutral data centre setup

Our data centre setup (at Interxion) is 100% carbon-neutral. Interxion's data centre runs on (certified) green power, and our IT equipment at Interxion has no carbon emissions.

Saving power at data centres

We are gradually implementing power-saving measures at our data centres – for instance by replacing supply units, coolers and routing.

Using earth cooling at our locations

Our co-location partners are committed to reducing their energy consumption by using earth cooling systems instead of power-consuming coolers.

Switching to energy-efficient IT equipment

We are gradually replacing (redundant) IT equipment, servers and storage systems with more energy-efficient solutions. We take our redundant IT equipment to an IT partner who ensures that it is recycled or disposed of in an environmentally appropriate manner.

Key figures and financial ratios

Five-year summary of key figures and financial ratios.

Income statement

TDKK	2020	2019	2018	2017	2016
Revenue	641,128	614,486	555,586	370,479	
EBITDA	113,029	87,600	93,849	70,467	34,861
EBIT	81,779	58,956	66,868	48,980	28,225
Net financials	-1,775	-1,018	-2,238	-214	-682
Profit/loss for the year	62,127	44,621	50,363	37,882	21,363

Balance sheet

TDKK	2020	2019	2018	2017	2016
Total assets	180,200	174,039	138,155	118,773	58,093
Equity	36,245	21,118	25,462	50,011	23,681
Investment in property, plant and equipment	-19,932	-30,332	-20,578	-22,652	-6,708
Number of employees	480	464	412	274	114

Financial ratios

	2020	2019	2018	2017	2016
Gross margin	55.1%	53.2%	56.8%	57.9%	
EBITDA margin	17.6%	14.3%	16.9%	19.0%	
EBIT margin	12.8%	9.6%	12.0%	13.2%	
Return on capital employed	45.4%	33.9%	48.4%	41.2%	48.6%
Solvency ratio	20.1%	12.1%	18.4%	42.1%	40.8%
Return on equity	216.6%	191.6%	133.5%	102.8%	99.4%

The financial ratios have been calculated in accordance with the 'Recommendations & Ratios' issued by CFA Society Denmark. See the accounting policies for definitions.

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

Company information

The Company

IT Relation A/S
Dalgas Plads 7B, 1st floor
DK-7400 Herning

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

Company reg. (CVR) no.:
27 00 10 92

Financial year:
1 January to 31 December

Municipality of registered office:
Herning

Board of Directors

Nicholas David Lloyd Jordan
Mikael Kjærgaard
Henrik Vestergaard Kastbjerg
Stig Bundgaard

Executive Board

Henrik Vestergaard Kastbjerg

Auditors

PricewaterhouseCoopers

Statsautoriseret
Revisionspartnerselskab

Strandvejen 44
DK-2900 Hellerup





STRATEGY AND OBJECTIVES

- 26 Outlook for 2021
- 29 Our family
- 32 The No Problem culture is what sets us apart
- 33 We are the Everyday IT Superheroes
- 34 Career and development opportunities
- 36 Work culture and employee satisfaction
- 38 Working climate and job satisfaction
- 40 Risk landscape



A SATIS
TOMER IS
SINESS S
OF A

Outlook for 2021

We are starting the new year on an ambitious and optimistic note. Supported by strategic acquisitions, internationalisation and a powerful private equity fund, Hg, we are strongly positioned to embrace the future. Our targets for 2021 are ambitious – in terms of both revenue and EBITDA.

We closed the year making a strategic acquisition of cyber security firm Improsec and strengthening a number of functions. 2021 began with another acquisition, this time of our affiliated company Progressive, the purpose being to accelerate growth in key product areas and important markets.

In addition, through the acquisition of Itadel and its planned merger with IT Relation, we have gained access to a strategic customer segment and a scalable delivery platform with a nearshore setup in Prague.

Lastly, we made a strategic acquisition of Cloud Teams, reinforcing our platform for supporting our existing Business Solutions activities and new customers on their cloud transformation journey.

Balanced organic and acquisitive growth

Our ambitions for 2021 include sustained organic growth above

the general market level in our core business areas through new sales, additional sales to existing customers and cross sales. For 2021, a profit at least on par with 2020 is expected.

Furthermore, we will continue our acquisition strategy and expect IT Relation and the other group entities to grow revenue on the back of balanced organic and acquisitive growth in 2021.

We have generated solid acquisitive growth in Q1 2021 on the back of our strong acquisition strategy. In addition, in January, we successfully established a Professional Services platform in Sweden – an important milestone in the internationalisation of the ITM8 group.

We intend to strengthen our market position even further in 2021. We expect all our business areas to generate organic growth through new products, new concepts and new customers. In Managed Services, we will continue to invest in IT security

and to develop IT Relation's proprietary IT security solution, Baseline Security.

Sky-high cloud expectations

Ever more companies have embarked on the cloud journey, and we expect many more to follow suit in 2021. Therefore, we will step up our Azure Cloud efforts in the coming year.

Corporate digitisation is a business area that continues to grow. We are seeing growing interest in data management and are therefore also expanding our efforts in this area.

We will focus both on acquisitions that complement our existing business and on acquisitions that bring new products and customer segments. Leveraging our ability to drive value through IT solutions, we aim to be our customers' preferred collaboration partner at all times.



Developing work processes

We want to stay one step ahead when it comes to automated processes and data-based communication. To that end, we are allocating additional resources to the work of strengthening our in-house processes. Artificial intelligence and automation are some of the technologies we will employ to build even closer relations with customers and deliver improved customer service.

Premier IT solutions

As the SMB market leader, we will continue to develop premier IT solutions that help drive value for our customers. The solutions we deliver must always be true to our values.

We need to stay competitive in the eyes of our core customers and to consistently deliver value. Simultaneously, by leveraging economies of scale and continually improving our processes, we will deliver positive EBITDA growth.

Our ambitions for the coming year include sustained organic growth and additional acquisitions. We expect IT Relation and the other group entities to grow revenue on the back of balanced organic and acquisitive growth in 2021.

We continually invest in expanding and strengthening our organisation with a view to offering our customers a one-stop solution – and to sustaining our uncompromising approach to service delivery across our companies as well as across our strategic core areas within Cloud Services, Professional Services, Digitisation and now also Cyber Security.

Our family

New family members

In 2020, we welcomed Hostingkompagniet to our family. A perfect match for our affiliate Sotea, the company was placed under Sotea's Managed Services activities to strengthen our presence in eastern Denmark.

In 2020, our parent company also acquired specialist IT services firm Scott/Tiger for purposes of merging it with Miracle 42 and creating a powerful professional services constellation. Our parent company also acquired C2IT Infrastructure and C2IT iØst and merged them with Mentor IT with a view to strengthening Mentor IT's resources and competencies.

Lastly, we acquired additional IT security muscle through the takeover of Improsec, a leading consultancy with unique technical cyber security expertise. This has given us a strong platform in the highly specialised cyber security market.

Leveraging cross-organisational synergies

At IT Relation, we acknowledge that different companies have different needs. And irrespective of which member of our family is the best match for a customer, we always bring all our competencies into play to capitalise on synergies between IT Relation and our affiliated companies. That way, we make sure that all customers get the best of all worlds.

MANAGED SERVICES

IT outsourcing, Service Desk, Infrastructure, Hosting, Hardware/software

- IT Relation
- Mentor IT
- Sotea

DIGITAL SOLUTIONS

SharePoint, Webportals, BI, CRM, IT development

- IT Relation

PROFESSIONAL SERVICES

Oracle/SQL DBA, Database development, Monitoring, Performance tuning, etc.

- Miracle42
- Scott/Tiger

CYBER SECURITY

Cyber security CoE, Advisory, consultancy, HAAS, SAAS.

- Improsec

Miracle42

IT-driven people and solutions

Miracle 42 A/S employs some of the most highly specialised consultants in the industry and also operates a department providing hosting and managed services. At 1 January 2021, Scott/Tiger was merged with Miracle 42, strengthening our offering within Oracle Managed Services, Test Management, QA and Flexible Workforce. The merger means that we are now able to offer our customers an even broader and deeper product range.

Miracle 42 provides a range of standard services related to database, systems and applications operations. In addition, they have people specialising in consultancy, operations and setup in relation to primarily Oracle, Microsoft and OpenSource technologies.

Facts

- Aarhus and Ballerup
- 88 employees

Mentor*it*

Positive IT experiences every day

Mentor IT is a managed services provider that, based on IT outsourcing, delivers on-site hosting and IT services to small and medium-sized businesses.

In 2020, C2IT Infrastructure and C2IT iØst became a part of Mentor IT, strengthening the company's resources and expertise in eastern Denmark. The merger has further enhanced Mentor IT's ability to embrace new technologies and made the company even more agile.

Facts

- Esbjerg, Kolding, Aarhus, Ballerup and Copenhagen
- 50 employees

sotea

Easy IT

Many of Sotea's customers think of the company as their own IT department. This allows customers to focus on their core business, which is what any customer relationship at Sotea relies on.

Through more than 20 years, Sotea has provided easy-to-grasp IT services to small Danish businesses within three primary business areas: Hosting, IT support and IT services. In 2020, our parent company acquired Hostingkompagniet and merged it with Sotea in 2021, thus strengthening the business platform in eastern Denmark.

Facts

- Silkeborg and Søborg
- 31 employees



Pragmatic IT security specialists

Improsec is an independent consultancy firm with unique technical cyber security capabilities. Having joined our family at the end of 2020, Improsec is the group's cyber security spearhead.

The company employs some of Denmark's most talented specialists in modern attack and defence techniques and advises on prioritising and implementing technical solutions to improve a company's security level.

In addition, Improsec tests corporate defences against malware and hacker attacks and helps companies harden their anti-threat infrastructures.

Facts

- Copenhagen
- 32 employees



Leading Oracle and MySQL specialist

Emineo is Sweden's leading provider of Oracle and MySQL operation and management services and employs some of the sector's most talented specialists. Emineo is a certified Oracle audit compliance partner and offers database operation services, licence management and specialised consultancy services.

Emineo became a part of the ITM8 group at the beginning of 2021 and makes up our Professional Services offering together with Miracle42 and Copenhagen Software. Emineo will continue as an independent company under its own brand name. The group's first acquisition outside Denmark, the takeover of Emineo marks the beginning of a new chapter.

Facts

- Stockholm
- 22 employees



Highly skilled IT architects and developers

Copenhagen Software is a Danish niche consultancy combining business strategy with digital solutions for Danish corporate customers. The company specialises in digital business development and offers advisory services within system architecture, Microsoft technology, implementation and development.

Copenhagen Software offers advanced consultancy services and aims to always have Denmark's best IT architects and developers. Copenhagen Software works closely with Miracle42, and the plan is for the two companies to merge in 2022.

Facts

- Charlottenlund
- 8 employees

The No Problem culture is what sets us apart

To us, corporate culture is the ultimate differentiating factor. It is what makes us unique and stand out from the competition. In principle, anyone can copy IT products. But no one can imitate the corporate culture surrounding our products. We believe our culture has been instrumental in our success.

Our mission is to solve IT problems. Always with a smile. Does it work for your business? We make IT strategy challenges manageable. Our culture permeates our entire organisation from the first time you meet your Client Manager to the day you find yourself in the middle of an IT challenge and urgently need a Service Desk officer outside of normal business hours.



DELIVER ON YOUR PROMISES

SAY YES WITH A SMILE

MAKE YOUR COLLEAGUE BETTER

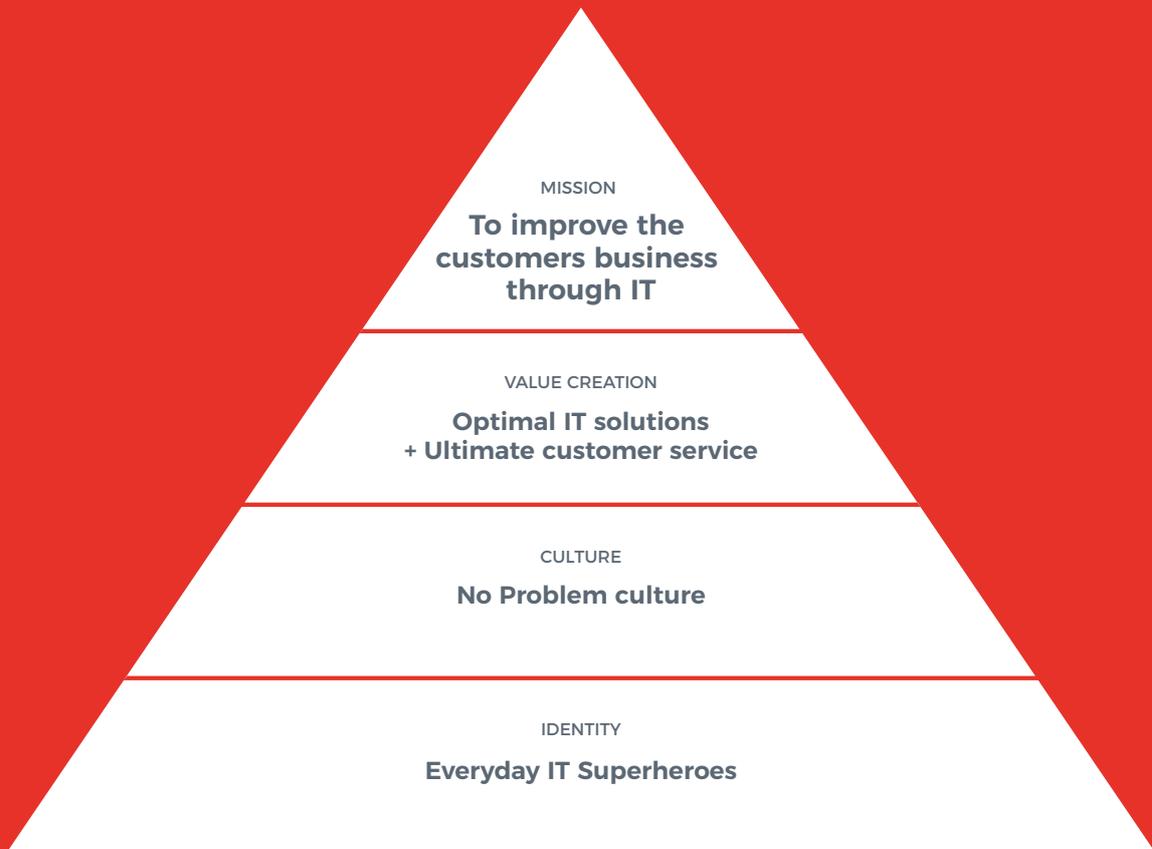
UNDERSTAND THE CUSTOMER'S BUSINESS

MAKE IT SIMPLE

THINK LIKE A LEADER

Six core values of No Problem culture

Our culture is an integral part of how we do business. And with our culture under your skin, you become an Everyday IT Superhero. We steer by our core values when hiring, solving IT challenges and leading. That is how we make sure our culture becomes the marker to steer by for our Everyday IT Superheroes.



WE ARE THE EVERYDAY IT SUPERHEROES

The IT Superhero is symbolic of our employees. It is what we call ourselves and each other. What characterises us is the special way we go about our everyday work. We make things happen. In practice and in everyday life. We deflate high-flying theories and ask the question: “Does it work for your business?” That is the criterion against which we measure our efforts every day.



Career and development opportunities

We rely heavily on talented employees, and being able to attract and retain the best talent is of crucial importance to us. With that in mind, we stepped up our efforts in relation to our trainee and continuing training programmes in 2020.



KAPOW™

Measures included hiring a dedicated Academy Manager at KAPOW Academy, our own training establishment. The Academy Manager has made dedicated efforts in a number of development areas:

- Establishing closer collaboration with Danish educational establishments – from technical and vocational schools to universities
 - Attracting (high-end) candidates
 - Launching an educational programme/catalogue – offering ongoing skills development by way of inspiration, courses, education and certifications
 - Activating an adjusted learning platform
 - Developing a skills matrix – a structure and overview of the organisation's capabilities
 - Establishing trainee, graduate and internship programmes
- In the educational field, we also

collaborate with a number of external businesses (customers), who contribute real life stories about our partnership and their reliance on an efficient IT setup

KAPOW Academy trainee programme

Our trainee programme is handled by the KAPOW Academy, which offers IT support and computer technology training in Herning, Aarhus and Copenhagen.

In 2020, nine new trainees enrolled in the programme – in addition to the 46 trainees already enrolled. This took the total number of trainees to 55 in 2020 – equivalent to almost 11% of our total headcount.

The ambitious programme stretches throughout the traineeship and offers ongoing skills development and training.



55

KAPOW Academy
trainees in 2020

80%

of all trainees completing
the programme continue
their career with IT Relation

Training and continuing training are essential to our ability as an IT company to attract and retain highly skilled employees.

A stepping stone to a career in the IT industry

Our trainee programme is widely recognised by IT educational establishments and, from what we hear, enjoys a solid reputation among students. Maintaining close collaboration with educational institutions is important to us, as they assist us by arranging contact with students.

The grades of our Academy trainees are an average two marks higher than those of other students.

This reassures us that our training programme is a stepping stone to a career in the IT industry. At the same time, we are proud that as many as 80% of the trainees completing the programme choose to continue their career with IT Relation.

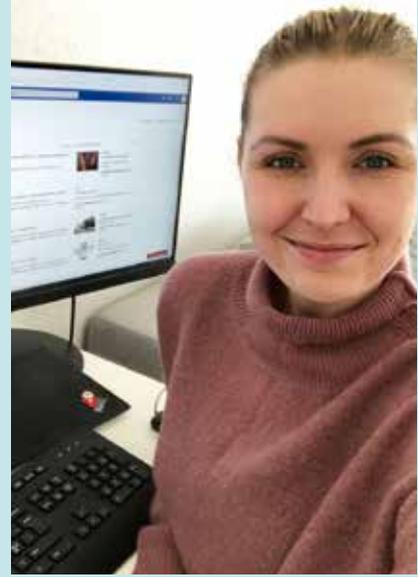
Continuing training and career opportunities

Retaining existing employees is at least as important to us as recruiting new talent. Accordingly,

development and continuing training are important focus areas at IT Relation.

At our own training establishment, KAPOW Academy, we offer our employees courses and continuing training in, for example, Microsoft technologies, Cloud Computing, management and sales techniques. We handle a major part of the training ourselves but also rely on external instructors for external input.

Moreover, all employees work closely with their immediate managers on drafting development plans. Helping employees realise their career dreams is the responsibility of their immediate manager.



Work culture and employee satisfaction

The workplace and working life are always in the process of change. Our needs change in step with technological developments and new ways of working. We must and will support this at IT relation. We aim to be first movers when it comes to the workplace of tomorrow.

Work-as-an-agile Service

In 2020, remote working became a part of our new reality within a short time frame. We were forced to think differently and to change our ways of working and working together. The digital workplace became a reality within a few weeks.

Still, overall efficiency and employee satisfaction improved. We found that working from a distance, utilising technologies and saying goodbye to a strict 8-4 schedule entailed many benefits – for us as a company, for our customers and for our employees.





Optimal individuality and ultimate sense of community

We have embraced the lessons learned and are in the process of redesigning IT Relation as a workplace under the concept: "Work-as-an-agile Service". We aim high. We want to be first movers when it comes to the workplace of tomorrow. The concept is founded on the basic idea that "One way of working doesn't fit all".

We see our employees as individuals and feel a need to redesign IT Relation as a workplace in order to better embrace individuality.

Bigger say in where, when and how

We want to practise optimal individuality. We want to give individual employees a bigger say in where, when and how the work should be carried out. We need to do this to unleash individual talent and drive mutual success.

At the same time, we see our employees as social beings who need to be part of a community – as a place to learn but also as a place to express themselves.

Part of a community

Therefore, we need to cultivate community spirit. We're on the same team. We've got each other. If

we don't meet at the office, we talk and use each other as sounding boards via online channels.

Work-as-an-agile Service puts our employees first under the philosophy: your job, your responsibility, your choice. We're taking the lead and picking up the baton in creating an agile worklife that combines employee, customer and business needs.

Work-as-an-agile Service is an ongoing concept that we have only just embarked on. We will develop and adjust it on an ongoing basis to keep it aligned with our ever-changing world.

WORK
AS-AN-AGILE-SERVICE



Working climate and job satisfaction

Job satisfaction and performance go hand in hand. They are inter-dependent. No one can deliver their best if they don't enjoy their work. With that in mind, we work continuously to enhance job satisfaction.

Monthly employee satisfaction surveys

In order to keep track of employee satisfaction, we survey all employees once a month. Using the Peakon tool, we survey each employee's job satisfaction, work environment, motivation and workload.

The survey is 100% anonymous, and employees are invited to rate us and provide comments. We use the results constructively to enhance job satisfaction.

In 2020, the average satisfaction score was 8.3 on a scale of 1-10 (by comparison, the score was 8.0 in 2019). The score is given high priority across the entire organisation, and employee satisfaction will remain an important focus area going forward.

The survey is 100% anonymous, and employees are invited to rate us and provide comments. We use the results constructively - both at departmental level and at overall company level. We hold regular review meetings to discuss and define future initiatives. It is important for us to always be in tune with our employees and to take action to improve the working environment of the individual as well as the work culture across the company.

Appreciation and digital recognition

Our work culture is a culture of appreciation, and we believe that recognition is one of the most powerful motivational factors for our employees. During the lockdown, our appreciative, face-to-face-recognition approach was challenged.

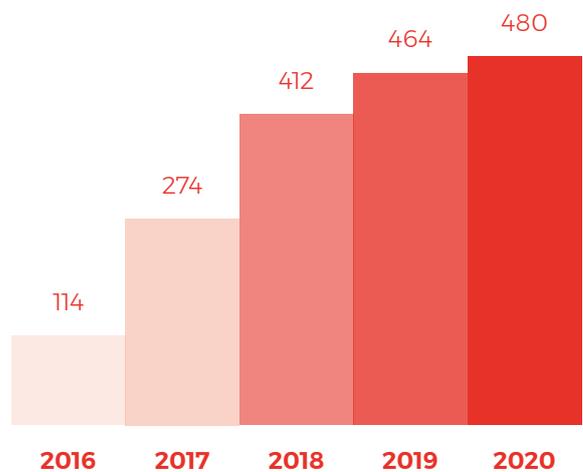
In the past year, we therefore launched a number of new digital initiatives, including weekly video greetings where all employees are encouraged to share good stories and recognise colleagues or departments that have made a special effort.

As part of our appreciative approach, we appoint a "Superhero of the Quarter" every three months. This is an in-house award with employees nominating colleagues who they believe have made a special effort. Reflecting the six core values of our No Problem culture, the award consists of a cup, a bonus of DKK 4,000 and a written statement that is published via our in-house communications channel.



8,3

was the average satisfaction score in 2020



Year-on-year increase in headcount

Risk landscape

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.

Risk management



Risk



Mitigating actions

Ability to develop new and existing customers

- Digital transformation initiatives
- Flexible delivery models (own data centres, own cloud and public cloud)
- Marketing, monitoring and dedicated client account models
- Competitive pricing 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)

- Contract management framework to improve and monitor obligations
- Appointment of Data Protection Officer (DPO)
- Comprehensive GDPR training of employees

Attracting and retaining talent

- Trainee and specialist training programmes
- Focus training programmes on new technologies
- Systematic appraisal interviews
- Strategic collaboration with educational institutions
- Branding of IT Relation

Operations and delivery, including cyber security

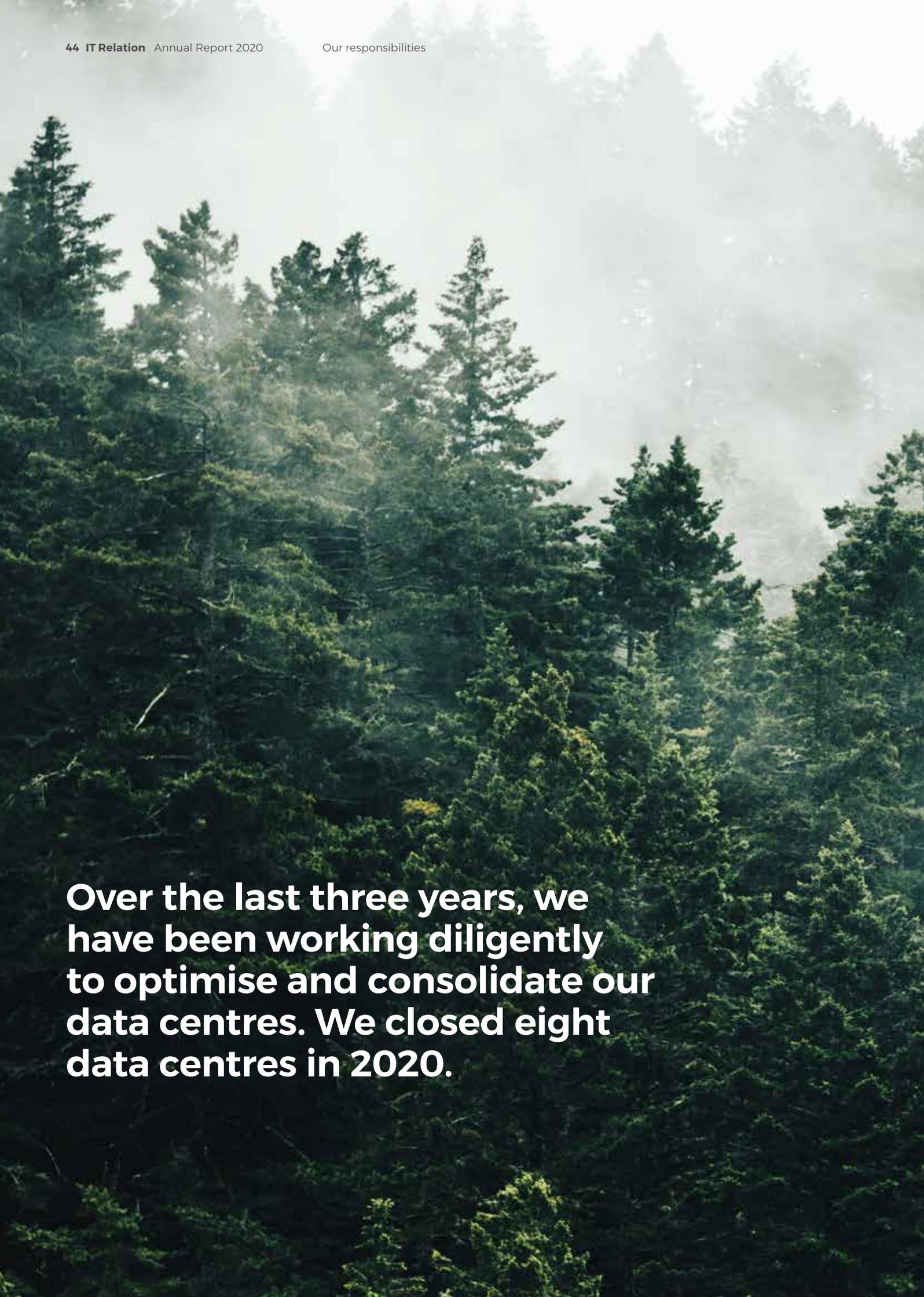
- Advanced and redundant data centre setup
- Security roadmap
- Flexible delivery setup
- Project and delivery management
- Security and compliance team

A photograph of two men in a meeting. The man on the left is seen from the back, wearing glasses and a dark shirt. The man on the right is smiling and looking towards the first man, wearing a dark t-shirt with a white logo and a black watch. The background is a light-colored wall with large red letters. A large red diagonal shape is overlaid on the bottom left of the image.

OUR RESPONSIBILITIES

- 45 We take sustainable responsibility
- 46 Compliance and IT security activities
- 49 Gender composition
- 50 CSR risks
- 52 CSR policy
- 55 An inclusive and diverse workplace





Over the last three years, we have been working diligently to optimise and consolidate our data centres. We closed eight data centres in 2020.

We take sustainable responsibility

We live in a world where resources are scarce, the environment is being degraded and the digital transformation is changing society and businesses. This presents a challenge to all of us. And we see ourselves as part of the solution.

As an IT company, we feel committed to acting responsibly and maintaining a sustainable mindset. We endeavour to live up to our responsibility regarding the United Nations Sustainable Development Goals to make it possible for us, through joint efforts, to build a more sustainable world and future.

A sustainable business model

Data centres play an important role in cutting carbon dioxide emissions significantly over the coming years. A role that is very much at the top of our minds here at IT Relation and to which our ambitious plan will contribute.

Over the last three years, we have been working diligently to optimise and consolidate our data centres. Over the past two years, we have closed 11 data centres, eight of them in 2020.

Consolidation does not do it alone, however. This is why we also focus on ways to optimise power consumption at our data centres by updating software and hardware on infrastructure components and by adapting uninterruptible power supply and cooling systems.

100% carbon-neutral data centre setup

Our data centre setup (at Interxion) is 100% carbon-neutral. Interxion's data centre runs on (certified) green power, and our IT equipment at Interxion has no carbon emissions.

Replacing and recycling IT equipment

We have developed procedures for the life-cycle of our IT equipment, and we gradually replace (redundant) IT equipment, servers and storage systems with more energy-efficient solutions. We take our redundant IT equipment to certified suppliers with whom we have entered into formalised agreements. They ensure that the equipment is recycled or disposed of in an environmentally appropriate manner.

Working remotely for the benefit of the environment

In 2020, we integrated remote working into our work culture, which includes initiatives to minimise carbon emissions. Measures include giving our employees the opportunity to work from home and reduce commute time. And we encourage our employees to use Teams for meetings and communications to the extent that this platform can replace physical meetings and e-mail.

Carbon footprint analysis

Every year, IT Relation conducts a carbon footprint analysis which, based on international standards, calculates total carbon dioxide emissions. We obtain a total score and are presented with a range of recommendations on how to make further improvements.

Compliance and IT security activities

Compliance is vital to us. That is why we make every imaginable effort to store our customers' and employees' personal data safely. Our privacy policy gives a clear picture of how we handle personal data with great care.

Since the GDPR entered into force (in May 2018), we have intensified our focus on cyber security by increasing the protection of 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 ensure

GDPR compliance. For instance, our secure email solution can encrypt sensitive data, which can be emailed securely – and our security workshops and GAP analyses can be used to identify potential focus areas.

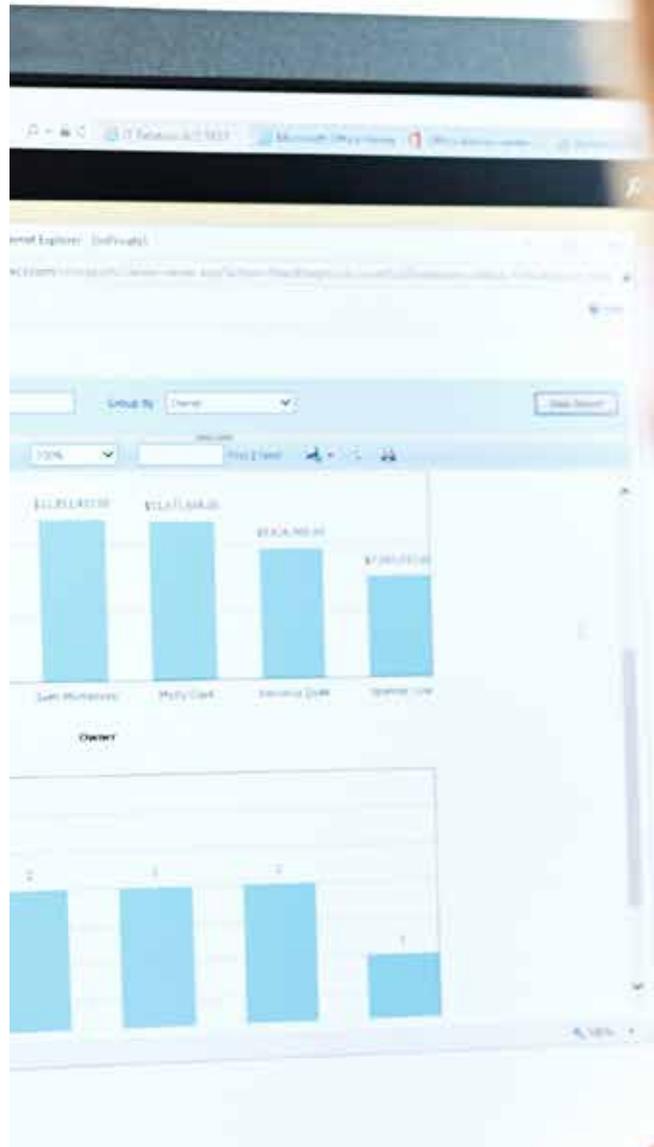
A specialised Security & Compliance team

We have established a special Security & Compliance team to take formal ownership of ongoing tasks – internally as well as externally. The Security & Compliance team is responsible for developing new security services that help

both IT Relation and our customers protect personal data as best possible.

IT security is a focus area we constantly 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
- We are ISO 27001-certified (information security)



IT Relation is ISO 27001 certified

We were certified based on an external audit. The certification confirms that we work in accordance with international security and quality standards. In practice, this means that we are working actively to counter the increasing cybercrime threat scenario - and not least to protect the systems and data of our customers.



**We are working to create
a workplace with equal
opportunities for all**

NO PRO



Gender composition

Diversity and inclusion are core concerns at IT Relation. 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're doing our utmost to build and maintain such an environment.

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

Gender balance initiatives

We have taken a number of steps to improve our gender balance:

- 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
- In the period up to 2022, our aim is to have at least one woman elected to the Board of Directors. This target has not been met as the existing members of the Board of Directors were re-elected without new candidates for the Board

The share of female managers was unchanged in financial year 2020. Going forward, we will endeavour to work continuously on diversity and gender policies throughout the organisation and encourage our employees to help us identify areas where we can improve our efforts.

CSR risk



Social and employee matters

Risk	Mitigating actions
Not being able to attract and retain talent	<ul style="list-style-type: none"> ▪ Employee engagement, satisfaction surveys and feedback ▪ KAPOW graduate programme ▪ Focus on transparency, ownership, accountability and relationships ▪ Focus on relations with employees and relationships between employees ▪ Involvement in decision-making processes ▪ Focus on delegation ▪ Focus on diversity ▪ Employee pay and staff benefits
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



Anti-bribery and anti-corruption

Risk	Mitigating actions
Third parties and no due diligence	<ul style="list-style-type: none"> ▪ Gifts and entertainment policy ▪ Anti-bribery and anti-corruption training of employees ▪ Anti-bribery clause in supplier contracts



Environment and climate change

Risk	Mitigating actions
Increased energy costs	<ul style="list-style-type: none"> ▪ Carbon footprint ▪ Energy consumption – we continuously measure energy consumption at our data centres



CSR policy¹



Social and employee matters

Code of Conduct

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.

CSR key figures and ratios for 2020

- 100% of new employees completed Code of Conduct training in 2020

Health and safety policy

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.

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 healthcare if necessary – including but not limited to stress relief and counselling.

CSR key figures and ratios for 2020

- Average number of employees: 480
- In the past year, the number of employees increased from 464 to 480
- Number of reported accidents: 3 (14 in 2019)
- Average sickness absence rate: 3% (3% in 2019)
- Monthly employee engagement survey scores an average 8.3 (Peakon) on a scale of 1-10 (8.0 in 2019)
- Employee eNPS score (Employee Net Promoter Score – Peakon) is 40 (market average – 31 in 2019)

1) For a description of the Company's business model, please see page 10.



Anti-corruption

Anti-bribery and anti-corruption policy

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.

100% of employees identified for anti-bribery training have completed the course over the last three years.

CSR key figures and ratios for 2020

- 100% of new employees completed Code of Conduct training in 2020
- No instances of corruption were reported in 2020



Climate change

Climate change policy

We recognise the risks related to climate change and are committed to cutting our emissions. To reduce the impact of IT Relation on the environment, we aim to consolidate and optimise our data centres. Accordingly, we have closed 11 data centres over the past two years, eight of them in 2020. In addition, we continuously focus on replacing and investing in new IT equipment with lower energy consumption.

CSR key figures and ratios for 2020

- Carbon footprint – we started measuring our carbon footprint in 2019 to focus on our impact on climate change – and to launch initiatives that minimise the impact. Our total greenhouse gas emissions were 801.28 tonnes of CO₂e in 2020, equivalent to 1.67 tonnes of CO₂e per employee (2019: 1,060.13 tonnes of CO₂e and 2.28 tonnes of CO₂e per employee).
 - Energy consumption – we initiated energy consumption measurements at the largest data centre in 2019, and we are constantly developing new initiatives to improve our energy efficiency.
-



Environment

Environmental policy

As a service and IT company without production sites, IT Relation 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.



Human rights

Human rights policy

IT Relation has incorporated a simple, yet robust supply chain structure as part of our activities. 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. IT Relation is committed to the United Nations Universal Declaration of Human Rights. Our monitoring work has not given rise to any comments, and we therefore believe that our suppliers continue to comply with our policy.

WE ARE COMMITTED TO:

- conducting business in a sustainable, 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 environmental impact of our Company; and
- respecting, engaging and supporting the communities and cultures we are part of.



An inclusive and diverse workplace

At IT Relation, we work to promote equal opportunity. We want to be an inclusive and diverse workplace. This applies regardless of social origin, age, gender, ethnicity, culture, sexual orientation and physical and psychological conditions.

Our position is that we have an obligation, as a company, to take responsibility for embracing and accommodating different types of people.

This is why our employees also include people who, due to various challenges in the past, have had difficulty finding a place in the labour market. For instance, we have employees with autism who contribute positively by

offering strong systematic skills, persistence and logical thinking, while being challenged in social contexts.

Our HR department engages in close dialogue with employees who are challenged in one way or another. We assist in furthering and using these employees' strengths and ensure that no one is forced to struggle with their weaknesses.

We do this, for example, by creating jobs in an environment of peace and tranquility with space for concentration. We also offer flexible working hours, the opportunity to work from home and video streaming for large meetings. Our ambition is to be a particularly attractive workplace when it comes to breaking down taboos and adapting working conditions to suit specific needs.



FINANCIAL STATEMENTS

59	Income statement 1 January - 31 December
60	Balance sheet 31. december
62	Equity
63	Notes



Income Statement

1 January - 31 December

TDKK	Note	2020	2019
Revenue	2	641,128	614,486
Other operating income		234	40
Direct expenses		-233,810	-224,010
Other external expenses		-54,479	-63,358
Gross profit		353,073	327,158
Staff expenses	3	-240,044	-239,558
Profit before depreciation, amortisation and impairment losses (EBITDA)		113,029	87,600
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-31,250	-28,644
Profit before financial income and expenses (EBIT)		81,779	58,956
Financial income		1,174	452
Financial expenses		-2,949	-1,470
Profit before tax		80,004	57,938
Tax on profit for the year	4	-17,877	-13,317
Profit for the year		62,127	44,621

Balance Sheet 31 December

Assets

TDKK	Note	2020	2019
Completed development projects		2,365	2,827
Acquired licences		927	1,081
Goodwill		6,375	9,272
Development projects in progress		3,214	2,210
Intangible assets	5	12,881	15,390
Other fixtures and fittings, tools and equipment		43,873	48,267
Leasehold improvements		250	324
Property, plant and equipment	6	44,123	48,591
Investments in subsidiaries	7	145	145
Other investments	8	3	3
Deposits	8	2,207	2,079
Other receivables	8	94	279
Fixed asset investments		2,449	2,506
Fixed assets		59,453	66,487
Inventories		1,033	1,521
Trade receivables		69,141	77,498
Contract work in progress		1,855	256
Receivables from group enterprises		1,626	262
Other receivables		11,366	6,708
Deferred tax asset	9	2,836	2,291
Prepayments	10	1,862	2,403
Receivables		88,686	89,418
Cash at bank and in hand		31,028	16,613
Current assets		120,747	107,552
Assets		180,200	174,039

Balance Sheet 31 December

Liabilities and equity

TDKK	Note	2020	2019
Share capital		1,012	1,012
Reserve for development costs		4,340	3,917
Retained earnings		30,893	16,189
Equity	11	36,245	21,118
Lease obligations		3,402	3,851
Other payables		22,574	10,572
Long-term debt	13	25,976	14,423
Credit institutions		414	323
Lease obligations	13	2,505	2,476
Advance payments from customers		0	348
Trade payables		31,616	30,503
Payables to group enterprises		1,629	30,489
Corporation tax		18,443	22,063
Other payables	13	50,841	39,784
Deferred income	14	12,531	12,512
Short-term debt		117,979	138,498
Debt		143,955	152,921
Liabilities and equity		180,200	174,039
Unusual circumstances	1		
Proposed distribution of profit	12		
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Events after the balance sheet date	17		
Accounting Policies	18		

Statement of Changes in Equity

TDKK	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January	1,012	3,917	16,189	21,118
Extraordinary dividend paid	0	0	-47,000	-47,000
Development costs for the year	0	1,644	-1,644	0
Amortisation for the year	0	-1,221	1,221	0
Net profit/loss for the year	0	0	62,127	62,127
Equity at 31 December	1,012	4,340	30,893	36,245

Notes to the Financial Statements

1 Unusual circumstances

The Covid-19 pandemic, forcing many governments around the world to “lock down” their countries, has had serious implications for the global economy. Thanks to IT Relation’s employees, agility, business model and industry, the company has effectively withstood the crisis and is believed to be well prepared for the future.

2 Revenue

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

TDKK	2020	2019
Activities		
Managed services	567,203	562,357
Other revenue	73,925	52,129
	641,128	614,486

3 Staff expenses

TDKK	2020	2019
Wages and salaries	228,615	223,752
Pensions	9,046	12,025
Other social security expenses	2,383	2,456
Other staff expenses	0	1,325
	240,044	239,558
Average number of employees	480	464

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

4 Tax on profit/loss for the year

TDKK	2020	2019
Current tax for the year	18,443	12,681
Deferred tax for the year	-545	534
Adjustment of tax concerning previous years	-21	102
	17,877	13,317

5 Intangible assets

TDKK	Completed development projects	Acquired licences	Goodwill	Development projects in progress	Total
Cost at 1 January	5,383	7,344	26,537	2,210	41,474
Additions for the year	0	2,514	0	2,108	4,622
Disposals for the year	0	-48	0	0	-48
Transfers for the year	1,104	0	0	-1,104	0
Cost at 31 December	6,487	9,810	26,537	3,214	46,048
Impairment losses and amortisation at 1 January	2,556	6,263	17,265	0	26,084
Amortisation for the year	1,566	2,668	2,897	0	7,131
Disposals	0	-48	0	0	-48
Impairment losses and amortisation at 31 December	4,122	8,883	20,162	0	33,167
Carrying amount at 31 December	2,365	927	6,375	3,214	12,881

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

6 Property, plant and equipment

TDKK	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January	163,629	363	163,992
Additions for the year	19,932	0	19,932
Disposals for the year	-1,004	0	-1,004
Cost at 31 December	182,557	363	182,920
Impairment losses and depreciation at 1 January	115,362	39	115,401
Depreciation for the year	24,047	74	24,121
Reversal of impairment and depreciation of sold assets	-725	0	-725
Impairment losses and depreciation at 31 Dec	138,684	113	138,797
Carrying amount at 31 December	43,873	250	44,123
Including assets under finance leases amounting to	5,658	0	5,658

7 Investments in subsidiaries

TDKK	2020	2019
Cost at 1 January	145	0
Additions for the year	0	145
Carrying amount at 31 December	145	145

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
IT Relation Philippines Inc.	Philippines	100%

8 Other fixed asset investments

TDKK	Other investments	Deposits	Other receivables
Cost at 1 January	13	2,079	279
Additions for the year	0	128	0
Disposals for the year	0	0	-185
Cost at 31 December	13	2,207	94
Impairment losses at 1 January	10	0	0
Impairment losses at 31 December	10	0	0
Carrying amount at 31 December	3	2,207	94

9 Deferred tax asset

TDKK	2020	2019
Deferred tax asset at 1 January	2,291	59
Amount recognised for the year in the income statement	545	-534
Net effect from merger	0	3,367
Adjustment of deferred tax relating to prior years	0	-601
Deferred tax asset at 31 December	2,836	2,291

10 Prepayments

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

11 Equity

The share capital consists of 4,048 shares of a nominal value of DKK 250. No shares carry any special rights.

The share capital has developed as follows:

TDKK	2020	2019	2018	2017	2016
Share capital at 1 January	1,012	1,011	886	508	508
Capital increase	0	1	125	378	0
Capital decrease	0	0	0	0	0
Share capital at 31 December	1,012	1,012	1,011	886	508

12 Proposed distribution of profit

TDKK	2020	2019
Extraordinary dividend paid	47,000	40,200
Retained earnings	15,127	4,421
	62,127	44,621

13 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:

TDKK	2020	2019
Lease obligations		
Between 1 and 5 years	3,402	3,851
Long-term part	3,402	3,851
Within 1 year	2,505	2,476
	5,907	6,327
Other payables		
Between 1 and 5 years	22,574	10,572
Long-term part	22,574	10,572
Other short-term payables	50,841	39,784
	73,415	50,356

14 Deferred income

Deferred income, as recognised in liabilities, comprises payments received relating to income in subsequent financial years.

15 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

The Company has entered into lease agreements with different periods of notice. Rent in the period of notice amounts to TDKK 15.303.

The Company has also entered into leases for cars. The rental expense to the end of the lease term amounts to TDKK 5.492.

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 ITM8 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 withholding taxes may increase the Company's liability.

16 Related parties

Controlling interest

Basis

ITM8 Holding A/S

Principal shareholder

Transactions

The Company has chosen to disclose only transactions that were not made on an arm's length basis pursuant to section 98c(7) of the Danish Financial Statements Act. During the year, there were no transactions that were not made on an arm's length basis.

Consolidated Financial Statements

The Company is included in the Group Annual Report of

Name

Place of registered office

ITM8 TopCo ApS

Hellerup

ITM8 MidCo ApS

Hellerup

17 Events after the balance sheet data

The Company is expected to merge with Itadel A/S.

18 Accounting Policies

The Annual Report of IT Relation A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies are consistent with those applied last year. The financial statements for 2020 are presented in DKK thousands (tDKK).

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of ITM8 MidCo ApS, the Company has not prepared consolidated financial statements.

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 ITM8 MidCo ApS.

Recognition and measurement

Income is recognised in the income statement as earned. This includes recognition of value adjustments of financial assets and liabilities measured at fair value or amortised cost. 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 from the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are 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 uniting-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

Leases

Leases in which the Company retains all significant 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 present value of the lease payments, calculated by using the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets held under finance leases are depreciated and written down for impairment in accordance with the accounting policy for the Company's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is charged to the income statement over the term of the lease.

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

Segmented revenue information

Information on business segments and geographical segments is based on the Company's 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 of ownership of the goods have passed to the buyer, when the amount of revenue can be measured reliably and when it is probably that the economic benefits associated with the sale will flow to the Company.

Revenue for the rendering of services is recognised by reference to the stage 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 income 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 total expected expenses in respect of the service.

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

Direct expenses

Direct expenses comprise the raw materials and consumables consumed to generate revenue for the year

Other external expenses

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

Staff expenses

Staff expenses comprise wages and salaries as well as pay-related costs.

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 principal activity of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when approved at the annual general meeting of the subsidiary. However, any dividends relating to earnings in the subsidiary prior to its acquisition by the parent company are set off against the cost of the subsidiary.

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 comprises current tax and changes in deferred tax for the year. The amount of tax attributable to the profit or loss for the year is recognised in the income statement, whereas the amount of tax attributable to equity transactions is taken directly to equity.

The Company is taxed jointly with wholly-owned Danish and foreign subsidiaries (group enterprises). The income tax liability is allocated among the jointly taxed entities in proportion to their taxable income.

18 Accounting Policies (continued)

Intangible assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, estimated at 7-10 years.

Completed development projects and acquired licences are measured at the lower of cost less accumulated amortisation and the recoverable amount. Completed development projects and licences are amortised over the term of the agreement, up to a maximum of 3-5 years.

Property, plant and equipment

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

Cost comprises the acquisition price and costs directly associated with the acquisition up until the time when the asset is ready for use.

Depreciation, determined as cost less any residual value, is allocated on a straight-line basis over the estimated useful lives of the assets as follows:

Other fixtures and fittings, tools and equipment	3-5 year
Leasehold improvements	3-5 year

Depreciation periods and residual values are reassessed annually.

Impairment of non-current assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed annually to determine whether there are any indications of impairment in excess of the amount provided for by normal amortisation and depreciation. If impairment is identified, the carrying amount is reduced to the lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where the recoverable amount is lower than cost, the investments are written down to this lower value.

Securities and equity investments

Equity 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 comprise unlisted equity investments and deposits.

Inventories

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

The net realisable value of inventories is the amount expected to be obtained from a sale of inventories in the ordinary course of business less selling expenses. The net realisable value is determined taking into account marketability, obsolescence and changes in the expected selling price.

Goods for resale, raw materials and consumables are measured at cost, comprising the purchase price plus delivery costs.

Receivables

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

Contract work in progress

Contract work in progress regarding services is measured at the selling price of the work performed, 70 IT Relation Annual Report 2019 Financial statements calculated on the basis of the stage of comple-

tion. 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. If 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 winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses relating to rent, insurance premiums, sponsorships and licences.

Equity

Dividends

The proposed dividend payment for the financial year is disclosed as a separate item under equity.

Deferred tax assets and liabilities

Deferred tax is measured in accordance with the balance sheet liability method on all temporary differences between the carrying amounts and tax bases of assets and liabilities, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the expected value of their utilisation, either as a set-off against tax on future earnings or as a 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, according to the legislation in force at the balance sheet date, will apply at the time the deferred tax is expected to crystallise as current tax. Changes in deferred tax resulting from changes in 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 payable and receivables are recognised in the balance sheet as estimated tax on the taxable income for the year, adjusted for tax on taxable income for prior years and tax paid on account. Surcharges and allowances under the on-account tax scheme are recognised in the income statement under financial items.

Financial liabilities

Debts are measured at amortised cost, which largely corresponds to nominal value.

Deferred income

Deferred income, as recognised in liabilities, comprises payments received relating to income in subsequent financial years.

18 Accounting Policies (continued)

Explanation of financial ratios

Gross margin	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
EBITDA margin	=	$\frac{\text{Profit before depreciation, amortisation and impairment losses (EBITDA)} \times 100}{\text{Revenue}}$
EBIT margin	=	$\frac{\text{Profit before financials (EBIT)} \times 100}{\text{Revenue}}$
Return on assets	=	$\frac{\text{Profit before financials (EBIT)} \times 100}{\text{Total assets}}$
Solvency ratio	=	$\frac{\text{Equity at year-end} \times 100}{\text{Total assets at year-end}}$
Return on equity	=	$\frac{\text{Profit on ordinary activities after tax} \times 100}{\text{Average equity}}$

The background of the page is a photograph of an office. On the right, a person is seated at a desk, wearing a white shirt and a dark quilted vest. In the background, there is a desk with a computer monitor, a framed picture, and a globe. A large red diagonal shape covers the bottom-left portion of the page, serving as a background for the main title.

MANAGEMENT'S STATEMENT

81	Auditor's report
82	Independent Auditor's Report



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 2020.

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 2020 of the Company and of the results of the Company operations for 2020.

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

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

Herning, 1 July 2021

Executive Board

Henrik Vestergaard Kastbjerg

Board of Directors

Nicholas David Lloyd Jordan

Henrik Vestergaard Kastbjerg

Stig Bundgaard

Mikael Kjærgaard

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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 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 2020, 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 Financial Statements Act.

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

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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 account-

ing 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.

Hellerup, 1 July 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31

Jacob Fromm Christiansen	Henrik Junker Andersen
State Authorised Public Accountant	State Authorised Public Accountant
mne18628	mne42818



+45 7026 2988
info@itrelation.dk
www.itrelation.dk

ITRelation[®]
EVERYDAY IT SUPERHEROES