
Keylane A/S

Kigkurren 10, DK-2300 København S

Annual Report for 1 January - 31 December 2021

CVR No 21 27 63 08

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
2 /6 2022

Ulrik Christensen
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Keylane A/S for the financial year 1 January - 31 December 2021.

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 2021 of the Company and of the results of the Company operations for 2021.

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.

Copenhagen, 2 June 2022

Executive Board

Christoffel Adrianus Maria van
Riet
CEO

Board of Directors

Herman Gertruda Anita Smeets
Chairman

Ulrik Peter Christensen
Deputy Chairman

Christoffel Adrianus Maria van
Riet

Independent Auditor's Report

To the Shareholder of Keylane 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Keylane A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 misstate-

Independent Auditor's Report

ment, 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.

Independent Auditor's Report

- 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, 2 June 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Niels Henrik B. Mikkelsen
State Authorised Public Accountant
mne16675

Martin Birch
State Authorised Public Accountant
mne42825

Company Information

The Company

Keylane A/S
Kigkurren 10
DK-2300 København S

Telephone: + 45 70 20 40 90

CVR No: 21 27 63 08

Financial period: 1 January - 31 December

Incorporated: 1 May 1998

Financial year: 24th financial year

Municipality of reg. office: Copenhagen

Board of Directors

Herman Gertruda Anita Smeets, Chairman
Ulrik Peter Christensen
Christoffel Adrianus Maria van Riet

Executive Board

Christoffel Adrianus Maria van Riet

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Profit/loss before financial income and expenses	-46,868	15,634	28,717	13,841	12,377
Net financials	331	-104	768	26	318
Net profit/loss for the year	-36,745	11,421	22,416	8,782	9,902
Balance sheet					
Balance sheet total	206,279	211,448	186,252	162,756	146,763
Equity	97,525	134,270	123,282	100,866	92,084
Investment in property, plant and equipment	1,270	1,039	-1,496	-1,329	-415
Number of employees	144	146	142	149	150
Ratios					
Return on assets	-22.7 %	7.4 %	15.4 %	8.5 %	8.4 %
Solvency ratio	47.3 %	63.5 %	66.2 %	62.0 %	62.7 %
Return on equity	-31.7 %	8.9 %	20.0 %	9.1 %	9.5 %

Management's Review

General information

Keylane A/S is part of the Keylane Group and is 100% owned by Keylane Group B.V. The Keylane Group is a supplier of software solutions for the insurance and pension markets. Total revenues of the Keylane Group was 90.5m EUR with a operating result of 5,0m EUR in 2021.

Keylane believes in transforming the Insurance & Pension industry through technology, by teaming up our brightest experts to cooperate closely with customers and partners empowering them to run and continuously innovate their business on our open SaaS platforms, making the complex simple.

Mission

To empower the Insurance & Pension industry to transform through technology.

Vision

Keylane is the leading SaaS platform provider for the Insurance & Pension industry in the Benelux, DACH & Nordics.

Strategy

The Company strategy is based around 5 key pillars:

- Customer intimacy
- Committed experts supported by partners
- SaaS platform leadership in integration and configurability
- Ecosystem of emerging technologies
- One Keylane

All of which Keylane believes will contribute to the future success of the business

Management's Review

Key activities

Keylane A/S' key activities are listed below:

- Sales, delivery and support of Keylane's software solutions to the Nordic financial market with particular focus on life, pension and banking.
- Development of key products in Keylane's software portfolio for distribution in all target markets of Keylane.

Keylane A/S offers the following standard solutions in the Nordic market that empower the customers to launch a digital platform both with or without legacy migration.

- Keylane Plexus – a complete standard platform for managing life and pension portfolios with both guaranteed benefits, market interest rates and Unit Link. Plexus has a robust and advanced core engine that is based on events. The platform has modules for incoming and outgoing payments, company agreements, policy administration, standard processes with a high degree of automation, portals for employees and customers, as well as integration with bookkeeping and data warehouse.
- Keylane Obex – a service-enabled financial planning platform that includes modules for tax calculations, wealth and budget planning, and pension and retirement planning. The Obex platform enables financial institutions to offer their customers a 360-degree holistic overview of their financial situation. Obex integrates with on-premise systems and also connects to external online services through APIs.

Management's Review

Management and organisational changes in the Keylane Group

In September 2021 it decided to implement a change to the organisational structure from January 2022.

Supporting the market trend of increased focus on international standard SaaS platforms, our L&P business lines (Benelux and Nordics) was merged into one business line servicing all L&P customers.

The Executive Board and Executive Committee was replaced by two Executive Boards, one for each business line – L&P and P&C (formerly called Non-Life) – to be even closer to our customers and to achieve maximum agility. Executive Director L&P Benelux Christoffel van Riet was appointed the CEO of the L&P business line, and Executive Director Non-Life Ron van den Broek became the CEO of the P&C business line.

At the same time Executive Director for L&P in the Nordics, Jesper Essendrop, decided that it was time for a career change and left Keylane end of March 2022. Jesper Essendrop stepped down from his managerial positions in Keylane A/S as per 1 January 2022.

The former CEO of the Keylane Group, Ralf Timmer, is continuing in a new role as non-executive chairman of Keylane Group, whilst the former CFO of Keylane Group, Stephen Dews, will leave Keylane during the course of 2022.

The new management, executive board and board of directors, of Keylane A/S are from January 2022:

- Christoffel Adrianus Maria van Riet, Executive Director and on the Board of Directors
- Herman Gertruda Anita Smeets, Chairman of the Board of Directors
- Ulrik Peter Christensen, Vice-chairman of the Board of Directors

Development in the year

The income statement of the Company for 2021 shows a loss of TDKK 36,745, and at 31 December 2021 the balance sheet of the Company shows equity of TDKK 97,525.

The result of 2021 was not satisfactory, and several issues have had a negative effect:

- Sales costs related to several sales projects in Norway and Finland. None of these opportunities have materialized as new sales
- Significant investments and costs related to developing and maintaining the Plexus platform, Keylanes primary policy administration solution for future sales in the Life & Pension industry. The work. The work on increasing the quality of the platform and improve our deliveries to our customers will continue through 2022 and 2023.
- Keylane has in recent years made substantial investments in the new service enabled cloud version of the Obex financial planning platform. This will replace several of Obex's older legacy products. The first implementation of the new platform has during 2021 been under implementation with one of Obex's

Management's Review

biggest customer.

- Payments from Keylane B.V. in the Netherlands related to sale of Plexus solutions is received as a percentage of the realized SaaS revenues. Plexus implementation projects often has a duration of 2-3 years, and SaaS revenues and payments increases as the customers migrate it's pension funds/policies. This has the consequence that the return on Keylane A/S' investments in the Plexus solutions for the Dutch market comes with up to a 2-5 years delay.

- Finally 2022 has been effected by one-off costs related to organizational changes.

The past year and follow-up on development expectations from last year

The financial expectations for 2021 as set out in the Annual Report for 2020 was to realize an overall activity level somewhat lower than 2020, however with a profit margin slightly better than 2020 in the range of DKK 10-15 million. A part of the revenues were expected to be realized in the Nordic market outside Denmark.

As mentioned earlier 2021 proved to be difficult, and Keylane A/S didn't succeed in closing new deals in the Nordics outside Denmark. In addition Keylane A/S has invested significantly more hours and resources to fulfill existing customer agreements.

Special risks - operating risks and financial risks

In 2020, Keylane's risk management was strengthened and the risk function for the Keylane Group was enhanced. All risks are reviewed on a monthly basis on a meeting between the central Head of risk and the business units.

The primary operating risks of Keylane A/S are associated with security related aspects. The Keylane Group is currently implementing ISAE3402 controls in a more wider context across product suites. This work has especially effected Keylane A/S' Development function in 2020 and 2021.

Management's Review

Targets and expectations for the year ahead

Sales and marketing focus for 2022 will be on the Danish market addition to support the NL Plexus implementation.

We expect to finalize the most challenged projects in the 1st half 2022, which together with cost reductions at both group and management level in Keylane A/S, is expected to increase the overall profitability of Keylane A/S.

Payments from Keylane B.V.'s sale of Plexus solutions in the Dutch market is not expected to contribute significantly before 2023-24.

It is the target to reach break-even at EBIT level, however for 2022 a loss of up to 10-20 mio. kr. is expected.

Capital resources

Keylane A/S will continue to significantly invest in both the Plexus and the Obex solutions. Keylane A/S is not expected to generate sufficient cash flows from operations in 2022 to support these investments. The parent company, Keylane Group B.V., has therefore issued a letter of support confirming that the Keylane Group will support Keylane A/S financially in this respect.

Research and development

Keylane A/S continues to invest significantly in product development to support the industry's growing transition to SaaS based standard solutions that can be deployed and implemented quickly and cost effectively. In 2022, the efforts will be focused on the Plexus solution and finalization of the new Obex platform.

End of 2021 Keylane A/S acquired the "Dutch country layer" to Plexus from the Group company Keylane B.V. for a purchase price of 40.9 mio. kr. The Dutch country layer was developed during 2019-21 by Keylane B.V. assisted by Keylane A/S. A sale of a Plexus solution to a Dutch customer was therefore comprised of the core-Plexus solution and the Dutch country layer. This would ensure that the Dutch country layer was planned and developed close to the Dutch customers, however the distinction between core and country layer has in practice been difficult to make. It was therefore decided to centralize all the Plexus IPR in one and the same legal entity, Keylane A/S.

Management's Review

Intellectual capital resources

Keylane's future earnings depend on the knowledge acquired by the employees. As Keylane is a successful company in a competitive market, Keylane continuously needs to attract the best employees. This is necessary to execute on the implementation projects and to continue the investments in the quality and usability of its SaaS software. Therefore, Keylane has a competitive salary offering and routinely takes a number of initiatives to improve employee satisfaction which is measured in a bi annual employee engagement survey.

2020 and 2021 has above all been affected of the Covid 19 related new way of working – from home – and meeting both colleagues and other business contacts digitally. We have in 2022 slowly been returning to office desks, but are doing so making use of the positive learnings from the long period of working from home. New flexible ways of working from home, at the office and at our customers offices, will be the new way of working.

A Global Career Framework for Keylane was established in 2019 with the purpose of creating clarity about the roles within the organisation, but also importantly, to highlight which career paths are possible within Keylane. With the Global Career Framework as a sound basis, a new Performance Management Cycle for all Keylane employees in all entities were developed. This is aimed at supporting a continuous dialogue, to better keep track of individual engagement, development and career opportunities. On top of this a new Reward Policy was rolled out in 2021 with the primary purpose to support that all employees are fairly and transparently rewarded.

Uncertainty relating to recognition and measurement

Calculation of the carrying amount of certain assets and liabilities, essentially development projects, requires assessments, estimates and assumptions concerning future events. The estimates made are based on historical experiences and other factors that Management considers appropriate in the circumstances, but that by their very nature are uncertain and unpredictable.

The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Moreover, the enterprise is subject to risks and uncertainties that may result in actual results differing from these estimates. It may be necessary to change estimates made previously because of changes in the circumstances that formed the basis of the previous estimates or based on new knowledge or subsequent events.

Management's Review

Unusual events

The parent company of Keylane A/S, Keylane Group B.V., did in 2021 prepare a review of the allocation of the cost of group functions to each company in the Group. This resulted in an extra cost allocation of 4,0 mio. kr. to Keylane A/S regarding 2019 and 2020.

Apart from this, the financial position on 31 December 2021 of the Company and the results of the activities and cash flows of the Company for the financial year for 2020, have not been significantly affected by any unusual events.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2021 TDKK	2020 TDKK
Gross profit/loss		115,535	172,866
Staff expenses	2	-133,890	-121,801
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-28,513	-35,431
Profit/loss before financial income and expenses		-46,868	15,634
Financial income	4	1,335	901
Financial expenses		-1,004	-1,005
Profit/loss before tax		-46,537	15,530
Tax on profit/loss for the year	5	9,792	-4,109
Net profit/loss for the year		-36,745	11,421

Balance Sheet 31 December

Assets

	Note	2021 TDKK	2020 TDKK
Completed development projects		93,975	92,297
Acquired licenses		40,993	105
Goodwill		5,158	8,106
Development projects in progress		3,213	4,110
Intangible assets	6	143,339	104,618
Land and buildings		11,340	14,051
Other fixtures and fittings, tools and equipment		1,816	2,096
Leasehold improvements		116	188
Property, plant and equipment	7	13,272	16,335
Receivables from group enterprises		27,101	38,078
Deposits		1,929	1,934
Fixed asset investments	8	29,030	40,012
Fixed assets		185,641	160,965
Trade receivables		9,025	18,239
Contract work in progress	9	3,571	8,316
Receivables from group enterprises		1,380	14,948
Prepayments	10	1,552	800
Receivables		15,528	42,303
Cash at bank and in hand		5,110	8,180
Currents assets		20,638	50,483
Assets		206,279	211,448

Balance Sheet 31 December

Liabilities and equity

	Note	2021 TDKK	2020 TDKK
Share capital		41,166	41,166
Reserve for development costs		70,119	73,867
Retained earnings		-13,760	19,237
Equity		97,525	134,270
Provision for deferred tax	12	5,861	15,513
Other provisions	13	2,383	7,049
Provisions		8,244	22,562
Lease obligations		8,861	11,476
Payables to group enterprises		40,933	0
Other payables		0	9,862
Long-term debt	14	49,794	21,338
Lease obligations	14	2,714	2,580
Prepayments received from customers		3,605	0
Trade payables		3,587	3,851
Contract work in progress, liabilities	9	1,147	1,678
Payables to group enterprises	14	8,785	1,515
Other payables	14	30,878	23,654
Short-term debt		50,716	33,278
Debt		100,510	54,616
Liabilities and equity		206,279	211,448
Capital resources	1		
Distribution of profit	11		
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Accounting Policies	17		

Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	41,166	73,867	19,237	134,270
Development costs for the year	0	-3,748	3,748	0
Net profit/loss for the year	0	0	-36,745	-36,745
Equity at 31 December	41,166	70,119	-13,760	97,525

Notes to the Financial Statements

1 Capital resources

Keylane A/S will continue to significantly invest in both the Plexus and the Obex solutions. Keylane A/S is not expected to generate sufficient cash flows from operations in 2022 to support these investments. The parent company, Keylane Group B.V., has therefore issued a letter of support confirming that the parent company, if needed, will support Keylane A/S financially till at least 30 June 2023.

	2021 TDKK	2020 TDKK
2 Staff expenses		
Wages and salaries	119,557	107,488
Pensions	9,353	8,974
Other social security expenses	1,089	902
Other staff expenses	3,891	4,437
	133,890	121,801
Including remuneration to the Executive Board of: Executive Board	4,977	5,023
	4,977	5,023
Average number of employees	144	146

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	24,277	21,950
Depreciation of property, plant and equipment	4,176	4,107
Impairment of intangible assets	0	9,374
Gain and loss on disposal	60	0
	28,513	35,431

4 Financial income

Interest received from group enterprises	1,270	701
Other financial income	65	200
	1,335	901

Notes to the Financial Statements

	2021	2020
	TDKK	TDKK
5 Tax on profit/loss for the year		
Deferred tax for the year	-9,652	4,109
Adjustment of tax concerning previous years	-140	4,372
Adjustment of deferred tax concerning previous years	0	-4,372
	-9,792	4,109

6 Intangible assets

	Completed development projects	Acquired licenses	Goodwill	Development projects in progress	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	190,228	225	29,961	4,110	224,524
Additions for the year	0	40,933	0	22,063	62,996
Transfers for the year	22,960	0	0	(22,960)	0
Cost at 31 December	213,188	41,158	29,961	3,213	287,520
Impairment losses and amortisation at 1 January	97,930	120	21,855	0	119,905
Amortisation for the year	21,283	45	2,948	0	24,276
Impairment losses and amortisation at 31 December	119,213	165	24,803	0	144,181
Carrying amount at 31 December	93,975	40,993	5,158	3,213	143,339

Development projects in progress relates to the two main products, Plexus and Obex.

Development projects are recognised based on time recordings.

For each product management have a planned business case. The projects are progressing and it is expected that the projects will be sold to new and current customers.

Notes to the Financial Statements

7 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	19,649	11,045	674	31,368
Additions for the year	111	1,159	0	1,270
Disposals for the year	0	-1,290	0	-1,290
Cost at 31 December	<u>19,760</u>	<u>10,914</u>	<u>674</u>	<u>31,348</u>
Impairment losses and depreciation at 1 January	5,598	8,949	486	15,033
Depreciation for the year	2,822	1,285	72	4,179
Disposals for the year	0	-1,136	0	-1,136
Impairment losses and depreciation at 31 December	<u>8,420</u>	<u>9,098</u>	<u>558</u>	<u>18,076</u>
Carrying amount at 31 December	<u>11,340</u>	<u>1,816</u>	<u>116</u>	<u>13,272</u>
Including assets under finance leases amounting to	<u>11,340</u>	<u>0</u>	<u>0</u>	<u>11,340</u>

8 Fixed asset investments

	Receivables from group enterprises	Deposits
	TDKK	TDKK
Cost at 1 January	38,077	1,934
Disposals for the year	-10,976	-5
Cost at 31 December	<u>27,101</u>	<u>1,929</u>
Carrying amount at 31 December	<u>27,101</u>	<u>1,929</u>

Notes to the Financial Statements

	2021 <u>TDKK</u>	2020 <u>TDKK</u>
9 Contract work in progress		
Selling price of work in progress	40,506	20,467
Payments received on account	<u>-38,082</u>	<u>-13,829</u>
	<u>2,424</u>	<u>6,638</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	3,571	8,316
Prepayments received recognised in debt	<u>-1,147</u>	<u>-1,678</u>
	<u>2,424</u>	<u>6,638</u>
10 Prepayments		
Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions as well.		
11 Distribution of profit		
Development costs for the year	-3,748	2,747
Retained earnings	<u>-32,997</u>	<u>8,674</u>
	<u>-36,745</u>	<u>11,421</u>
12 Provision for deferred tax		
Provision for deferred tax at 1 January	15,513	15,776
Amounts recognised in the income statement for the year	-9,652	4,109
Amounts recognised in the income statement for the year regarding previous year	<u>0</u>	<u>-4,372</u>
Provision for deferred tax at 31 December	<u>5,861</u>	<u>15,513</u>

Notes to the Financial Statements

	2021	2020
	TDKK	TDKK
13 Other provisions		
Other provisions comprise provisions on entered contracts and covers disputes.		
Provision restorage cost for buildings	765	765
Other provisions	1,618	6,284
	2,383	7,049
The provisions are expected to mature as follows:		
Within 1 year	1,618	6,284
Between 1 and 5 years	765	600
	2,383	6,884
14 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:		
Lease obligations		
Between 1 and 5 years	8,861	11,476
Long-term part	8,861	11,476
Within 1 year	2,714	2,580
	11,575	14,056
Payables to group enterprises		
Between 1 and 5 years	40,933	0
Long-term part	40,933	0
Other short-term debt to group enterprises	8,785	1,515
	49,718	1,515
Other payables		
Between 1 and 5 years	0	9,862
Long-term part	0	9,862
Other short-term payables	30,878	23,654
	30,878	33,516

Notes to the Financial Statements

15 Contingent assets, liabilities and other financial obligations

Charges and security

The following securities have been provided for the purpose of financing by banks:

- First lien on (action) rights agreement for the sale of all shares in Keylane Group B.V., Keylane B.V. and underlying group companies.
- First lien on all business equipment, inventories, receivables, insurance, intellectual property rights and other assets of Keylane B.V. and all the underlying subsidiaries.

Each debtor has a joint liability agreement issued for the entire facility, consisting of loans and the overdraft.

Assets of a total value of 8.000.000 EUR have been placed as floating charge with bankers.

Notes to the Financial Statements

16 Related parties

	<u>Basis</u>
Controlling interest	
Keylane Group B.V., Varrolaan 60, 3584 BW Utrecht, The Netherlands	Majority shareholder
Keylane Topholding B.V. (ultimate parent company)	

Transactions

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

Transactions with related parties are in the financial year carried out on arm's length basis.

Consolidated Financial Statements

The Company is included in the Group Annual Report for the following companies:

<u>Name</u>	<u>Place of registered office</u>
Keylane Topholding B.V. (ultimate parent company)	Varrolaan 60 3584 BW Utrecht The Netherlands
Keylane Group B.V. (immediate parent company)	Varrolaan 60 3584 BW Utrecht The Netherlands

The Group Annual Report of Keylane Topholding B.V. and Keylane Group B.V. can be obtained at the above addresses.

Notes to the Financial Statements

17 Accounting Policies

The Annual Report of Keylane A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Keylane B.V., the Company has not prepared a cash flow statement.

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.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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

Notes to the Financial Statements

17 Accounting Policies (continued)

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Contract work in progress is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract 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 contract.

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.

Other external expenses

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

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets and other external expenses.

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.

Notes to the Financial Statements

17 Accounting Policies (continued)

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.

Balance Sheet

Intangible assets

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects, protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5-10 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 5 years.

Notes to the Financial Statements

17 Accounting Policies (continued)

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Licenses

Licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Licences are amortised over the licence period; however not exceeding 5 years.

Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed on an annual basis. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

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:

Land and buildings	5 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

17 Accounting Policies (continued)

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.

Fixed asset investments

Fixed asset investments consist of deposits and receivables from group enterprises. Fixed asset investments are measured at amortised 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, insurance premiums and subscriptions.

Notes to the Financial Statements

17 Accounting Policies (continued)

Provisions

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

Other provisions include provisions on entered contracts and covers disputes. Provisions are measured and recognised based on the expected settlement amount.

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.

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.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$