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# *Keylane A/S*

Kigkurren 10, DK-2300 Copenhagen

## Annual Report for 2023

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CVR No. 21 27 63 08

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 28/6 2024

Leonard Adryan de  
Looff  
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 2023.

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 2023 of the Company and of the results of the Company operations for 2023.

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, 28 June 2024

## Executive Board

Leonard Adryan de Looff  
CEO

## Board of Directors

Tonny Rabjerg  
Chairman

Leonard Adryan de Looff

Koenraad Willem Wouter van  
Kooperen

# 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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 2023, 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 Financial Statements Act.

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

## Management's responsibilities for the Financial Statements

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

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

# Independent Auditor's report

## Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 28 June 2024

**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

|                           |   |
|---------------------------|---|
| <b>The Company</b>        | Keylane A/S<br>Kigkurren 10<br>2300 Copenhagen<br><br>Telephone: + 45 70 20 40 90<br><br>CVR No: 21 27 63 08<br>Financial period: 1 January - 31 December<br>Incorporated: 1 May 1998<br>Financial year: 26th financial year<br>Municipality of reg. office: Copenhagen |
| <b>Board of Directors</b> | Tonny Rabjerg, chairman<br>Leonard Adryan de Looff<br>Koenraad Willem Wouter van Kooperen   |
| <b>Executive Board</b>    | Leonard Adryan de Looff   |
| <b>Auditors</b>           | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Strandvejen 44<br>DK-2900 Hellerup  |

## Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

|  | 2023    | 2022    | 2021    | 2020    | 2019    |
|--|---------|---------|---------|---------|---------|
|  | TDKK    | TDKK    | TDKK    | TDKK    | TDKK    |
| <b>Key figures</b>                           |         |         |         |         |         |
| <b>Profit/loss</b>                           |         |         |         |         |         |
| Profit/loss of primary operations            | -48,854 | -56,540 | -46,868 | 15,634  | 28,717  |
| Profit/loss of financial income and expenses | -3,506  | -1,803  | 331     | -104    | 768     |
| Net profit/loss for the year                 | -46,134 | -52,482 | -36,745 | 11,421  | 22,416  |
| <b>Balance sheet</b>                         |         |         |         |         |         |
| Balance sheet total                          | 236,528 | 179,699 | 206,279 | 211,448 | 186,252 |
| Investment in property, plant and equipment  | 10,087  | 1,660   | 1,270   | 1,039   | -1,496  |
| Equity                                       | -1,091  | 45,043  | 97,525  | 134,270 | 123,282 |
| Number of employees                          | 122     | 125     | 144     | 146     | 142     |
| <b>Ratios</b>                                |         |         |         |         |         |
| Return on assets                             | -20.7%  | -31.5%  | -22.7%  | 7.4%    | 15.4%   |
| Solvency ratio                               | -0.5%   | 25.1%   | 47.3%   | 63.5%   | 66.2%   |
| Return on equity                             | -209.9% | -73.6%  | -31.7%  | 8.9%    | 20.0%   |

# Management's review

## Key activities

The key activities of Keylane A/S 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 and without legacy migration.

## Keylane Plexus

The Plexus platform offers a comprehensive and standardized policy administration solution designed to effectively manage life and pension portfolios that include guaranteed benefits, market interest rates, and Unit Link. It boasts a resilient and sophisticated core engine built around event-driven architecture. This platform comprises various modules, such as complete money-flow management, company agreements, policy administration, streamlined processes with extensive automation, employee and customer portals, and seamless integration with bookkeeping and data warehousing systems.

Currently, the solution is successfully deployed by prominent clients within the Danish and Dutch markets, and additional implementations are currently underway. The company intends to expand Plexus to other countries beyond Denmark and Netherlands.

The majority of SaaS revenue of Plexus is currently generated in Denmark by its 5 Danish customers. In the Netherlands Plexus is live at 2 customers and being implemented at a third major customer. The Plexus development organization consists of colleagues in Denmark, in India (managed from Denmark) and in the Netherlands. The leadership team of Plexus consists primarily of Danish managers.

## Keylane Obex

The Obex platform is a service-enabled financial planning solution that encompasses modules for tax calculations, wealth and budget planning, and pension and retirement planning. Its primary objective is to empower financial institutions to provide their customers with a comprehensive, 360-degree view of their financial landscape. The platform seamlessly integrates with on-premise systems while also facilitating connections to external online services through APIs. Currently, the solution is successfully deployed by key clients within the Danish market, and ongoing implementations are underway.

Obex is market leader in its market in Denmark. The team is located in Denmark. Keylane is actively exploring to implement Obex in the Netherlands, starting with providing advisory tooling to life insurance providers.

## Organization

Keylane A/S is a 100% subsidiary of Keylane Group BV, a company with head office in the Netherlands and subsidiaries in several countries within the EU.

The Keylane Group BV provides software for Property and Casualty (P&C) insurers and Life and Pension (L&P) providers. The Group had a combined revenue in 2023 of 110 million euro (increase of 20% versus 2022) and Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) of 32.5 million (29% of revenue, 58% EBITDA increase versus 2022).

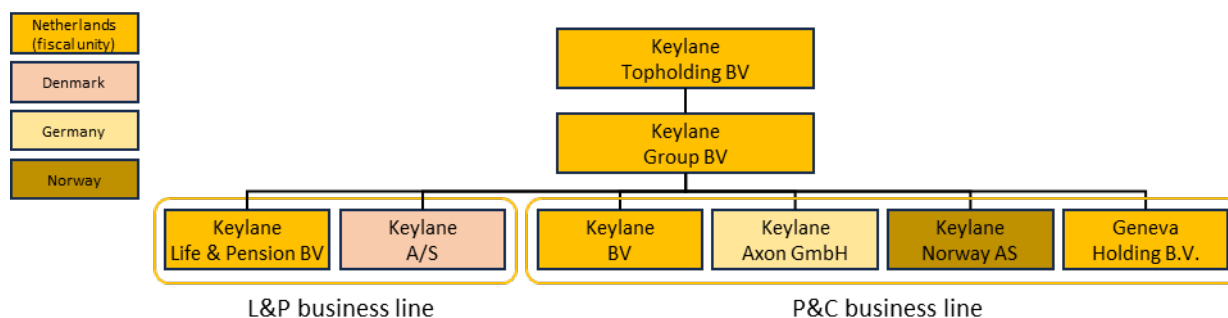
The Dutch activities for the P&C and L&P market were managed separately but legally still combined in Keylane BV, the Dutch subsidiary of Keylane Group. To further focus each business line on their own markets, the activities were legally separated in 2023. Keylane Life and Pension BV was established per July 1, 2023, as



# Management's review

a legal demerger of the L&P activities out of Keylane BV. The P&C activities and some shared services remained in Keylane BV. The graph below depicts this new situation.

Within the Keylane Group, the business line L&P now consists of Keylane Life and Pension BV in the Netherlands and Keylane A/S in Denmark. The unaudited management accounts of the L&P business line show a combined revenue across Denmark and Netherlands of 56 million euro, a 22% increase versus 2022. The EBITDA amounted to 9.4 million euro (17% of revenue), an increase of >100% versus 2022.



*Group structure as of July 1, 2023*

Former CEO for L&P, Christoffel van Riet, decided that it was time for a career change and left Keylane and stepped down from his managerial positions in Keylane A/S as per 1 January 2023. His role was taken over by Leon de Looff.

The statutory Board of Directors of Keylane A/S consists of chairman Tonny Rabjerg (VP Plexus), Leon de Looff (CEO of the L&P business line) and Koen van Kooperen (CFO L&P).

The Board of the L&P business line consists of Leon de Looff (CEO L&P), Koen van Kooperen (CFO L&P), Tonny Rabjerg (VP Plexus), Grace Peerkhan (HR director) and Mirella Daurer (Legal Counsel).

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

Early 2022 Keylane A/S experienced attrition in the Plexus team. In the remainder of 2022 and during 2023 this trend has turned and the company experienced very low attrition rates and high employee engagement scores.

The negative result over 2023 of 48.8 MDKK exceeded the expectation of 40 MDKK, due to additional hiring for development of the Plexus platform for the Dutch market.

## Development in the year

Activities in 2023 have been focused on further migrations of Obex customers to the new platform and on further developing and rolling out the Plexus platform in Denmark and the Netherlands.

Keylane had set up an Offshore center in India with a partner CoMakeIT, now part of Xebia. In 2023 this team has been strongly expanded, with over 70 FTE at the end of 2023. The overall size of the Plexus organization has doubled in 2023.

The Plexus development organization has been re-organized in 2023, to better manage the increased size of the team and the full integration of Danish, Dutch and India resources in each of the teams of the Plexus organization.

# Management's review

Keylane A/S is operated as a profit center for the Danish customers and a cost center for the Plexus platform. The IP of Plexus is owned by Keylane A/S and the majority of generic development and support activities are conducted and paid in Denmark.

Based on this financial setup, the income statement of the Company for 2023 shows a loss of TDKK 46,134, and at 31 December 2023 the balance sheet of the Company shows a negative equity of TDKK 1,091.

## 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 2024 to support these investments. The parent company, Keylane Topholding B.V., has therefore issued a letter of support confirming that the Keylane Topholding will support Keylane A/S financially in this respect.

Please refer to note 1.

## Special risks - operating risks and financial risks

Keylane has an extensive risk management function to ensure all risks are clear and properly managed and reported. All risks are reviewed monthly in a meeting between the central Head of risk and the business units. Keylane has defined a Keylane Control Framework with over 100 controls to meet regulatory and risk management policies. These are aligned with Danish regulatory and risk requirements and Dutch Central Bank regulations. Keylane is also preparing for the upcoming DORA regulations, which will come into effect by early 2025.

The primary operating risks of Keylane A/S are associated with security related aspects. The Keylane Group has a ISAE3402 framework in place and is ISO27001 certified.

## Targets and expectations for the year ahead

In 2024 Keylane will support its Danish customers with functional enhancements in the product, regulatory compliance, adopting to changes in markets and products.

Going forward the company expects to achieve break even, due to the further rollout of the Plexus platform at 2 Dutch customers, which will significantly increase the license revenue towards Keylane A/S.

## 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 2024, the efforts will be focused on the Plexus solution and rollout and expansion of the new Obex platform.

## Intellectual capital resources

Keylane's future financial success is closely tied to the expertise and knowledge possessed by its employees. Being a thriving company operating in a highly competitive market, Keylane consistently strives to attract top-tier talent. This is essential for effectively executing implementation projects and sustaining investments in the quality and usability of its SaaS software. To this end, Keylane offers competitive salaries and proactively undertakes multiple initiatives aimed at enhancing employee satisfaction. The company regularly conducts a biannual employee engagement survey to gauge and improve employee contentment.

## 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.

## Management's review

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.

### Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023 have not been 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 | 2023           | 2022           |
|---|------|----------------|----------------|
|   |      | TDKK           | TDKK           |
| <b>Gross profit</b>   |      | <b>118,652</b> | <b>102,326</b> |
| Staff expenses  | 2    | -132,813       | -124,267       |
| Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment | 3    | -34,693        | -34,599        |
| <b>Profit/loss before financial income and expenses</b>   |      | <b>-48,854</b> | <b>-56,540</b> |
| Financial income  | 4    | 19             | 482            |
| Financial expenses  | 5    | -3,525         | -2,285         |
| <b>Profit/loss before tax</b>   |      | <b>-52,360</b> | <b>-58,343</b> |
| Tax on profit/loss for the year   | 6    | 6,226          | 5,861          |
| <b>Net profit/loss for the year</b>   | 7    | <b>-46,134</b> | <b>-52,482</b> |

## Balance sheet 31 December

### Assets

|  | Note     | 2023           | 2022           |
|--|----------|----------------|----------------|
|  |          | TDKK           | TDKK           |
| Completed development projects                   |          | 101,114        | 93,373         |
| Acquired licenses                                |          | 32,746         | 36,855         |
| Goodwill   |          | 0              | 2,210          |
| Development projects in progress                 |          | 35,569         | 7,818          |
| <b>Intangible assets</b>                         | <b>8</b> | <b>169,429</b> | <b>140,256</b> |
| Land and buildings                               |          | 14,044         | 8,410          |
| Other fixtures and fittings, tools and equipment |          | 2,686          | 2,400          |
| Leasehold improvements                           |          | 44             | 74             |
| <b>Property, plant and equipment</b>             | <b>9</b> | <b>16,774</b>  | <b>10,884</b>  |
| Deposits   | 10       | 1,923          | 1,923          |
| <b>Fixed asset investments</b>                   |          | <b>1,923</b>   | <b>1,923</b>   |
| <b>Fixed assets</b>                              |          | <b>188,126</b> | <b>153,063</b> |
| Trade receivables                                |          | 22,330         | 13,768         |
| Contract work in progress                        | 11       | 0              | 458            |
| Receivables from group enterprises               |          | 12,098         | 386            |
| Deferred tax asset                               | 12       | 6,226          | 0              |
| Prepayments                                      | 13       | 993            | 257            |
| <b>Receivables</b>                               |          | <b>41,647</b>  | <b>14,869</b>  |
| <b>Cash at bank and in hand</b>                  |          | <b>6,755</b>   | <b>11,767</b>  |
| <b>Current assets</b>                            |          | <b>48,402</b>  | <b>26,636</b>  |
| <b>Assets</b>                                    |          | <b>236,528</b> | <b>179,699</b> |

## Balance sheet 31 December

### Liabilities and equity

|  | Note | 2023           | 2022           |
|--|------|----------------|----------------|
|  |      | TDKK           | TDKK           |
| Share capital  |      | 41,166         | 41,166         |
| Reserve for development costs                                  |      | 101,912        | 73,982         |
| Retained earnings  |      | -144,169       | -70,105        |
| <b>Equity</b>  |      | <b>-1,091</b>  | <b>45,043</b>  |
| Other provisions   | 14   | 2,386          | 4,691          |
| <b>Provisions</b>  |      | <b>2,386</b>   | <b>4,691</b>   |
| Lease obligations  |      | 12,546         | 6,422          |
| Payables to group enterprises                                  |      | 0              | 52,930         |
| <b>Long-term debt</b>  | 15   | <b>12,546</b>  | <b>59,352</b>  |
| Lease obligations  | 15   | 2,648          | 3,014          |
| Prepayments received from customers                            |      | 3,576          | 3,589          |
| Trade payables   |      | 6,194          | 4,447          |
| Contract work in progress                                      | 11   | 197            | 385            |
| Payables to group enterprises                                  | 15   | 185,506        | 36,812         |
| Other payables   |      | 24,566         | 22,366         |
| <b>Short-term debt</b>   |      | <b>222,687</b> | <b>70,613</b>  |
| <b>Debt</b>  |      | <b>235,233</b> | <b>129,965</b> |
| <b>Liabilities and equity</b>                                  |      | <b>236,528</b> | <b>179,699</b> |
| Going concern  | 1    |                |                |
| Contingent assets, liabilities and other financial obligations | 16   |                |                |
| Related parties  | 17   |                |                |
| Subsequent events  | 18   |                |                |
| Accounting Policies  | 19   |                |                |

## Statement of changes in equity

|                                | Share capital | Reserve for<br>development<br>costs | Retained<br>earnings | Total         |
|--------------------------------|---------------|-------------------------------------|----------------------|---------------|
|                                | TDKK          | TDKK                                | TDKK                 | TDKK          |
| Equity at 1 January            | 41,166        | 73,982                              | -70,105              | 45,043        |
| Development costs for the year | 0             | 27,930                              | -27,930              | 0             |
| Net profit/loss for the year   | 0             | 0                                   | -46,134              | -46,134       |
| <b>Equity at 31 December</b>   | <b>41,166</b> | <b>101,912</b>                      | <b>-144,169</b>      | <b>-1,091</b> |

# Notes to the Financial Statements

## 1. Going concern

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 2024 to support these investments. The parent company, Keylane Topholding 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 31 December 2024.

|  | 2023           | 2022           |
|--|----------------|----------------|
|  | TDKK           | TDKK           |
| <b>2. Staff Expenses</b>                           |                |                |
| Wages and salaries                                 | 118,270        | 110,703        |
| Pensions   | 8,846          | 8,272          |
| Other social security expenses                     | 947            | 995            |
| Other staff expenses                               | 4,750          | 4,297          |
|  | <u>132,813</u> | <u>124,267</u> |
| <br>Including remuneration to the Executive Board: |                |                |
| Executive board                                    | 2,959          | 1,808          |
|  | <u>2,959</u>   | <u>1,808</u>   |
| <br>Average number of employees                    | <u>122</u>     | <u>125</u>     |

|   | 2023          | 2022          |
|---|---------------|---------------|
|   | TDKK          | TDKK          |
| <b>3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment</b> |               |               |
| Amortisation of intangible assets   | 30,558        | 30,760        |
| Depreciation of property, plant and equipment   | 4,169         | 4,048         |
| Gain and loss on disposal   | -34           | -209          |
|   | <u>34,693</u> | <u>34,599</u> |



## Notes to the Financial Statements

|  | <u>2023</u>    | <u>2022</u>    |
|--|----------------|----------------|
|  | TDKK           | TDKK           |
| <b>4. Financial income</b>               |                |                |
| Interest received from group enterprises | 0              | 409            |
| Other financial income                   | 19             | 73             |
|  | <u>19</u>      | <u>482</u>     |
|  |                |                |
|  | <u>2023</u>    | <u>2022</u>    |
|  | TDKK           | TDKK           |
| <b>5. Financial expenses</b>             |                |                |
| Interest paid to group enterprises       | 2,689          | 1,508          |
| Other financial expenses                 | 836            | 777            |
|  | <u>3,525</u>   | <u>2,285</u>   |
|  |                |                |
|  | <u>2023</u>    | <u>2022</u>    |
|  | TDKK           | TDKK           |
| <b>6. Income tax expense</b>             |                |                |
| Deferred tax for the year                | -6,226         | -5,861         |
|  | <u>-6,226</u>  | <u>-5,861</u>  |
|  |                |                |
|  | <u>2023</u>    | <u>2022</u>    |
|  | TDKK           | TDKK           |
| <b>7. Profit allocation</b>              |                |                |
| Retained earnings                        | -46,134        | -52,482        |
|  | <u>-46,134</u> | <u>-52,482</u> |

## Notes to the Financial Statements

### 8. Intangible fixed assets

|  | Completed<br>development<br>projects | Acquired<br>licenses | Goodwill | Develop-<br>ment projects<br>in progress |
|--|--------------------------------------|----------------------|----------|--|
|  | TDKK                                 | TDKK                 | TDKK     | TDKK                                     |
| Cost at 1 January                                    | 236,259                              | 41,158               | 29,961   | 7,818                                    |
| Additions for the year                               | 0                                    | 0                    | 0        | 59,733                                   |
| Transfers for the year                               | 31,982                               | 0                    | 0        | -31,982                                  |
| Cost at 31 December                                  | 268,241                              | 41,158               | 29,961   | 35,569                                   |
| Impairment losses and amortisation<br>at 1 January   | 142,886                              | 4,303                | 27,751   | 0  |
| Amortisation for the year                            | 24,241                               | 4,109                | 2,210    | 0  |
| Impairment losses and amortisation<br>at 31 December | 167,127                              | 8,412                | 29,961   | 0  |
| <b>Carrying amount at 31 December</b>                | <b>101,114</b>                       | <b>32,746</b>        | <b>0</b> | <b>35,569</b>                            |

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.

### 9. Property, plant and equipment

|   | Land and<br>buildings | Other fixtures<br>and fittings,<br>tools and<br>equipment | Leasehold<br>improve-<br>ments |
|---|-----------------------|---|--------------------------------|
|   | TDKK                  | TDKK  | TDKK                           |
| Cost at 1 January   | 19,760                | 12,574  | 674                            |
| Additions for the year                                    | 8,690                 | 1,398   | 0                              |
| Disposals for the year                                    | 0                     | -390  | 0                              |
| Cost at 31 December                                       | 28,450                | 13,582  | 674                            |
| Impairment losses and depreciation at 1 January           | 11,350                | 10,174  | 600                            |
| Depreciation for the year                                 | 3,056                 | 1,083   | 30                             |
| Reversal of impairment and depreciation of sold<br>assets | 0                     | -361  | 0                              |
| Impairment losses and depreciation at 31 December         | 14,406                | 10,896  | 630                            |
| <b>Carrying amount at 31 December</b>                     | <b>14,044</b>         | <b>2,686</b>  | <b>44</b>                      |

# Notes to the Financial Statements

## 10. Other fixed asset investments

|                                       | Deposits<br>TDKK |
|---------------------------------------|------------------|
| Cost at 1 January                     | 1,923            |
| Cost at 31 December                   | 1,923            |
| <b>Carrying amount at 31 December</b> | <b>1,923</b>     |

## 11. Contract work in progress

|                                   | 2023<br>TDKK | 2022<br>TDKK |
|-----------------------------------|--------------|--------------|
| Selling price of work in progress | -5,464       | 6,340        |
| Payments received on account      | 5,267        | -6,267       |
|                                   | <b>-197</b>  | <b>73</b>    |

Recognised in the balance sheet as follows:

|  |             |           |
|--|-------------|-----------|
| Contract work in progress recognised in assets | 0           | 458       |
| Prepayments received recognised in debt        | -197        | -385      |
|  | <b>-197</b> | <b>73</b> |

## 12. Deferred tax asset

|   | 2023<br>TDKK | 2022<br>TDKK |
|---|--------------|--------------|
| Deferred tax asset at 1 January                         | 0            | -5,861       |
| Amounts recognised in the income statement for the year | 6,226        | 5,861        |
| <b>Deferred tax asset at 31 December</b>                | <b>6,226</b> | <b>0</b>     |

## 13. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions as well.

## Notes to the Financial Statements

|  | 2023         | 2022         |
|--|--------------|--------------|
|  | TDKK         | TDKK         |
| <b>14. Other provisions</b>  |              |              |
| Other provisions comprise provisions on entered contracts and covers disputes. |              |              |
| Provision restorage cost for buildings   | 765          | 765          |
| Other provisions   | 1,621        | 3,926        |
|  | <u>2,386</u> | <u>4,691</u> |

The provisions are expected to mature as follows:

|                       |              |              |
|-----------------------|--------------|--------------|
| Within 1 year         | 1,621        | 3,853        |
| Between 1 and 5 years | 765          | 765          |
| After 5 years         | 0            | 73           |
|                       | <u>2,386</u> | <u>4,691</u> |

|                           | 2023 | 2022 |
|---------------------------|------|------|
|                           | TDKK | TDKK |
| <b>15. Long-term debt</b> |      |      |

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

|                       |               |              |
|-----------------------|---------------|--------------|
| After 5 years         | 0             | 0            |
| Between 1 and 5 years | 12,546        | 6,422        |
| Long-term part        | 12,546        | 6,422        |
| Within 1 year         | 2,648         | 3,014        |
|                       | <u>15,194</u> | <u>9,436</u> |

### Payables to group enterprises

|  |                |               |
|--|----------------|---------------|
| After 5 years                              | 0              | 0             |
| Between 1 and 5 years                      | 0              | 52,930        |
| Long-term part                             | 0              | 52,930        |
| Other short-term debt to group enterprises | 185,506        | 36,812        |
|  | <u>185,506</u> | <u>89,742</u> |

# Notes to the Financial Statements

## 16. 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 held by Keylane A/S have been pledged to ING Bank as security agent of the lenders in the Facilities Agreement for a total value of €8,000,000 by registration as a Floating Charge Mortgage with the Danish Register of Chattel Mortgages.

## 17. Related parties and disclosure of consolidated financial statements

|  | <u>Basis</u>         |
|--|----------------------|
| <b>Controlling interest</b>  |                      |
| 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<br>3584 BW Utrecht<br>The Netherlands |
| Keylane Group B.V. (immediate parent company)     | Varrolaan 60<br>3584 BW Utrecht<br>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

## 18. Subsequent events

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

# Notes to the Financial Statements

## 19. Accounting policies

The Annual Report of Keylane A/S for 2023 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 2023 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.

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

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

## Income statement

### Revenue

Contract work in progress (construction contracts) 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.

# Notes to the Financial Statements

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**

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.

## **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.



# Notes to the Financial Statements

## Balance sheet

### Intangible fixed assets

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.

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

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 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.

# Notes to the Financial Statements

Depreciation period and residual value are reassessed annually.

## **Impairment of fixed assets**

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

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

## **Other fixed asset investments**

Other 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 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.

## **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 warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

## **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.

# Notes to the Financial Statements

## 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 liabilities

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

## Financial Highlights

### Explanation of financial ratios

|                  |  |
|------------------|--|
| Return on assets | $\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$ |
| Solvency ratio   | $\text{Equity at year end} \times 100 / \text{Total assets at year end}$                         |
| Return on equity | $\text{Net profit for the year} \times 100 / \text{Average equity}$                              |