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# *Keylane A/S*

Kigkurren 10, DK-2300 Copenhagen

## Annual Report for 2022

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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 2023

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 Financial Statements of Keylane A/S for the financial year 1 January - 31 December 2022.

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 2022 of the Company and of the results of the Company operations for 2022.

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Copenhagen, 28 June 2023

## Executive Board

Leonard Adryan de Looff  
CEO

## Board of Directors

Tonny Rabjerg  
Chairman

Michael Nexø Leth  
Vice chairman

Leonard Adryan de Looff

# 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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 2022, 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 2023

**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 Kigkurren 10 DK-2300 Copenhagen  Telephone: + 45 70 20 40 90  CVR No: 21 27 63 08 Financial period: 1 January - 31 December Incorporated: 1 May 1998 Financial year: 25th financial year Municipality of reg. office: Copenhagen
<b>Board of Directors</b>	Tonny Rabjerg, chairman Michael Nexø Leth, vice chairman Leonard Adryan de Looff
<b>Executive Board</b>	Leonard Adryan de Looff
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

## Financial Highlights

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

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Profit/loss before financial income and expenses	-56,540	-46,868	15,634	28,717	13,841
Profit/loss of financial income and expenses	-1,803	331	-104	768	26
Net profit/loss	-52,482	-36,745	11,421	22,416	8,782
<b>Balance sheet</b>					
Balance sheet total	179,699	206,279	211,448	186,252	162,756
Investment in property, plant and equipment	1,660	1,270	1,039	-1,496	-1,329
Equity	45,043	97,525	134,270	123,282	100,866
Number of employees	125	144	146	142	149
<b>Ratios</b>					
Return on assets	-31.5%	-22.7%	7.4%	15.4%	8.5%
Solvency ratio	25.1%	47.3%	63.5%	66.2%	62.0%
Return on equity	-73.6%	-31.7%	8.9%	20.0%	9.1%

# 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 eventdriven 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.

## 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.

Management and organizational changes in the Keylane Group, a company with head office in the Netherlands, and subsidiaries in several countries, within the EU:

- a) In September 2021 it was decided to implement a change to the organizational structure from January 2022.
- b) 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.
- c) 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. Leon de Looff was appointed the CEO of the L&P business line.

At the same time 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.

The new management, executive board, and board of directors, of Keylane A/S are from January 2023:

- Leon de Looff, CEO and on the Board of Directors
- Tonny Rabjerg, Chairman of the Board of Directors
- Michael Nexø Leth, Vice-chairman of the Board of Directors



# Management's review

## Development in the year

The income statement of the Company for 2022 shows a loss of TDKK 52.482, and at 31 December 2022 the balance sheet of the Company shows equity of TDKK 45.043.

The result of 2022 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, Keylane's primary policy administration solution for future sales in the Life & Pension industry. The work on increasing the quality of the platform and improve our deliveries to our customers will continue throughout 2023 and 2024.
- 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 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 at least 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-year 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 2022 as set out in the Annual Report for 2021 was to realize an overall activity level somewhat lower than 2021, however with a profit margin slightly better than 2021 in the range of DKK 10-15 million. A part of the revenues was expected to be realized in the Nordic market outside Denmark.

## 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 monthly 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 wider context across product suites. This work has especially effected Keylane A/S' Development function in 2020 and 2021.

## Targets and expectations for the year ahead

Sales and marketing focus for 2023 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 2023, 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 2024-25.

It is the target to reach break-even at EBIT level, however for 2023 a loss of up to 40 million kr. is expected.

# Management's review

## 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 2023 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.

Please refer to note 1.

## 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 2023, 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 million 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.

## 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.

The years 2020 and 2021 have been significantly influenced by the emergence of the Covid-19 pandemic, which has necessitated a shift in our work practices, primarily towards remote work and digital interactions with colleagues and business contacts. In 2022, we have gradually begun transitioning back to the office, while incorporating valuable insights gained from the extended period of remote work. This has resulted in the adoption of new flexible work arrangements that encompass working from home, in the office, and at our customers' locations. These adaptable work practices represent the future of our approach to work.

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.

# Management's review

## 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.

## Unusual events

The financial position on 31 December 2022 of the Company and the results of the activities and cash flows of the Company for the financial year for 2022, 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	2022	2021
		TDKK	TDKK
<b>Gross profit</b>		<b>102,326</b>	<b>115,535</b>
Staff expenses	2	-124,267	-133,890
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-34,599	-28,513
<b>Profit/loss before financial income and expenses</b>		<b>-56,540</b>	<b>-46,868</b>
Financial income	4	482	1,335
Financial expenses	5	-2,285	-1,004
<b>Profit/loss before tax</b>		<b>-58,343</b>	<b>-46,537</b>
Tax on profit/loss for the year	6	5,861	9,792
<b>Net profit/loss for the year</b>	7	<b>-52,482</b>	<b>-36,745</b>

## Balance sheet 31 December

### Assets

	Note	2022 TDKK	2021 TDKK
Completed development projects		93,373	93,975
Acquired licenses		36,855	40,993
Goodwill		2,210	5,158
Development projects in progress		7,818	3,213
<b>Intangible assets</b>	8	<b>140,256</b>	<b>143,339</b>
Land and buildings		8,410	11,340
Other fixtures and fittings, tools and equipment		2,400	1,816
Leasehold improvements		74	116
<b>Property, plant and equipment</b>	9	<b>10,884</b>	<b>13,272</b>
Receivables from group enterprises	10	0	27,101
Deposits	10	1,923	1,929
<b>Fixed asset investments</b>		<b>1,923</b>	<b>29,030</b>
<b>Fixed assets</b>		<b>153,063</b>	<b>185,641</b>
Trade receivables		13,768	9,025
Contract work in progress	11	458	3,571
Receivables from group enterprises		386	1,380
Prepayments	12	257	1,552
<b>Receivables</b>		<b>14,869</b>	<b>15,528</b>
<b>Cash at bank and in hand</b>		<b>11,767</b>	<b>5,110</b>
<b>Current assets</b>		<b>26,636</b>	<b>20,638</b>
<b>Assets</b>		<b>179,699</b>	<b>206,279</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2022	2021
		TDKK	TDKK
Share capital		41,166	41,166
Reserve for development costs		73,982	70,119
Retained earnings		-70,105	-13,760
<b>Equity</b>		<b>45,043</b>	<b>97,525</b>
Provision for deferred tax	13	0	5,861
Other provisions	14	4,691	2,383
<b>Provisions</b>		<b>4,691</b>	<b>8,244</b>
Lease obligations		6,422	8,861
Payables to group enterprises		52,930	40,933
<b>Long-term debt</b>	15	<b>59,352</b>	<b>49,794</b>
Lease obligations	15	3,014	2,714
Prepayments received from customers		3,589	3,605
Trade payables		4,447	3,587
Contract work in progress	11	385	1,147
Payables to group enterprises	15	36,812	8,785
Other payables		22,366	30,878
<b>Short-term debt</b>		<b>70,613</b>	<b>50,716</b>
<b>Debt</b>		<b>129,965</b>	<b>100,510</b>
<b>Liabilities and equity</b>		<b>179,699</b>	<b>206,279</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 development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	41,166	70,119	-13,760	97,525
Development costs for the year	0	3,863	-3,863	0
Net profit/loss for the year	0	0	-52,482	-52,482
<b>Equity at 31 December</b>	<b>41,166</b>	<b>73,982</b>	<b>-70,105</b>	<b>45,043</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 2023 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 2024.

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>2. Staff Expenses</b>		
Wages and salaries	110,703	119,557
Pensions	8,272	9,353
Other social security expenses	995	1,089
Other staff expenses	4,297	3,891
	<u>124,267</u>	<u>133,890</u>
Including remuneration to the Executive Board:		
Executive board	<u>1,808</u>	<u>4,977</u>
	<u>1,808</u>	<u>4,977</u>
Average number of employees	<u>125</u>	<u>144</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	30,760	24,277
Depreciation of property, plant and equipment	4,048	4,176
Gain and loss on disposal	-209	60
	<u>34,599</u>	<u>28,513</u>



## Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>4. Financial income</b>		
Interest received from group enterprises	409	1,270
Other financial income	<u>73</u>	<u>65</u>
	<u><b>482</b></u>	<u><b>1,335</b></u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>5. Financial expenses</b>		
Interest paid to group enterprises	1,508	0
Other financial expenses	<u>777</u>	<u>1,004</u>
	<u><b>2,285</b></u>	<u><b>1,004</b></u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>6. Income tax expense</b>		
Deferred tax for the year	-5,861	-9,652
Adjustment of tax concerning previous years	<u>0</u>	<u>-140</u>
	<u><b>-5,861</b></u>	<u><b>-9,792</b></u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>7. Profit allocation</b>		
Retained earnings	<u>-52,482</u>	<u>-36,745</u>
	<u><b>-52,482</b></u>	<u><b>-36,745</b></u>

# Notes to the Financial Statements

## 8. Intangible fixed assets

	Completed development projects	Acquired licenses	Goodwill	Develop- ment projects in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	213,188	41,158	29,961	3,213
Additions for the year	0	0	0	27,676
Transfers for the year	23,071	0	0	-23,071
Cost at 31 December	236,259	41,158	29,961	7,818
Impairment losses and amortisation at 1 January	119,213	165	24,803	0
Amortisation for the year	23,673	4,138	2,948	0
Impairment losses and amortisation at 31 December	142,886	4,303	27,751	0
<b>Carrying amount at 31 December</b>	<b>93,373</b>	<b>36,855</b>	<b>2,210</b>	<b>7,818</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 buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK	TDKK
Cost at 1 January	19,760	10,914	674
Additions for the year	0	1,660	0
Cost at 31 December	19,760	12,574	674
Impairment losses and depreciation at 1 January	8,420	9,098	558
Depreciation for the year	2,930	1,076	42
Impairment losses and depreciation at 31 December	11,350	10,174	600
<b>Carrying amount at 31 December</b>	<b>8,410</b>	<b>2,400</b>	<b>74</b>
Including assets under finance leases amounting to	8,410	0	0

# Notes to the Financial Statements

## 10. Other fixed asset investments

	Receivables from group enterprises	Deposits
	TDKK	TDKK
Cost at 1 January	27,101	1,929
Disposals for the year	-27,101	-6
Cost at 31 December	<u>0</u>	<u>1,923</u>
<b>Carrying amount at 31 December</b>	<b><u>0</u></b>	<b><u>1,923</u></b>
	2022	2021
	TDKK	TDKK

## 11. Contract work in progress

Selling price of work in progress	6,340	40,506
Payments received on account	-6,267	-38,082
	<u>73</u>	<u>2,424</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	458	3,571
Prepayments received recognised in debt	-385	-1,147
	<u>73</u>	<u>2,424</u>

## 12. Prepayments

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

2022	2021
TDKK	TDKK

## 13. Provision for deferred tax

Deferred tax liabilities at 1 January	5,861	15,513
Amounts recognised in the income statement for the year	-5,861	-9,652
Deferred tax liabilities at 31 December	<u>0</u>	<u>5,861</u>

# Notes to the Financial Statements

## 14. Other provisions

Other provisions comprise provisions on entered contracts and covers disputes.

	2022	2021
	TDKK	TDKK
Provision restorage cost for buildings	765	765
Other provisions	3,926	1,618
	<u>4,691</u>	<u>2,383</u>

The provisions are expected to mature as follows:

Within 1 year	3,853	1,618
Between 1 and 5 years	765	765
After 5 years	73	0
	<u>4,691</u>	<u>2,383</u>

## 15. 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:

	2022	2021
	TDKK	TDKK
<b>Lease obligations</b>		
After 5 years	0	0
Between 1 and 5 years	6,422	8,861
Long-term part	6,422	8,861
Within 1 year	3,014	2,714
	<u>9,436</u>	<u>11,575</u>

### Payables to group enterprises

After 5 years	0	0
Between 1 and 5 years	52,930	40,933
Long-term part	52,930	40,933
Within 1 year	0	0
Other short-term debt to group enterprises	36,812	8,785
Short-term part	36,812	8,785
	<u>89,742</u>	<u>49,718</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 of a total value of 8.000.000 EUR have been placed as floating charge with bankers.

## 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 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.

## 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 2022 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 2022 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.

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

## Income statement

### Net sales

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.

# 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
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# Notes to the Financial Statements

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.

## 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.

# Notes to the Financial Statements

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