



NetApp Denmark ApS

Rådhuspladsen 4
1550 København V
CVR No. 25238044

Annual report 01.05.2019 - 30.04.2020

The Annual General Meeting adopted the
annual report on 16.12.2020

Stephen Faulkner

Stephen Faulkner (Dec 16, 2020 11:17 GMT+1)

Stephen Peter Faulkner
Chairman of the General Meeting

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Entity details

Entity

NetApp Denmark ApS

Rådhuspladsen 4

1550 København V

CVR No.: 25238044

Registered office: København V

Financial year: 01.05.2019 - 30.04.2020

Executive Board

Stephen Peter Faulkner, direktør

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P. O. Box 1600

0900 Copenhagen C

Statement by Management

The Executive Board have today considered and approved the annual report of NetApp Denmark ApS for the financial year 01.05.2019 - 30.04.2020.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.04.2020 and of the results of its operations for the financial year 01.05.2019 - 30.04.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 16.12.2020

Executive Board



Stephen Faulkner (Dec 16, 2020 11:17 GMT+1)

Stephen Peter Faulkner

direktør

Independent auditor's report

To the shareholder of NetApp Denmark ApS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of NetApp Denmark ApS for the financial year 01.05.2019 - 30.04.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.04.2020 and of the results of its operations for the financial year 01.05.2019 - 30.04.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter regarding circumstances in the financial statements

We draw attention to note 1, which describes the material uncertainty associated with the outcome of a lawsuit brought by the Danish Tax Authorities against the Company. Our Conclusion has not been modified in relation to this.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Report on other legal and regulatory requirements and other reporting responsibilities

Violation of accounting legislation, including the Danish Bookkeeping Act

The company has kept accounting material in the Netherlands, which is against Danish law on storing of accounting records, whereby the Management can incur liability.

København, 16.12.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556



Flemming Larsen

State Authorised Public Accountant
Identification No (MNE) mne27790

Management commentary

Primary activities

The company provides solutions enabling storage and management of network data to a broad range of industries.

Development in activities and finances

Management finds the performance for the year in line with expectations.

In September 2010, the Danish Tax Authorities issued a decision concluding that dividend distributions declared in 2005 and 2006 by the Company were subject to Danish at-source withholding tax. The Management do not believe that the Company is liable for such withholding tax and filed an appeal with the Danish Tax Tribunal.

In December 2011, the Danish Tax Tribunal issued a ruling in favor of the Company. The Danish tax examination agency appealed this decision at the Danish High Court (DHC) in March 2012.

In February 2016, the DHC requested a preliminary ruling from the Court of Justice of the European Union (CJEU). Parties were heard before the court in October 2017.

In March 2018, the Advocate General issued an opinion which was largely in favor of the Company. The CJEU was not bound by the opinion of the Advocate General and issued its preliminary ruling in February 2019. The CJEU ruling did not preclude the Danish Tax Authorities from imposing withholding tax on dividend distributions based on the benefits of certain European Union directives. The preliminary ruling will be reviewed and may be subjected to additional briefing by the DHC. Once complete, the DHC will then issue its final decision. While the timing and outcome of a final decision on this matter is uncertain, the Management believe it is more likely than not that the Company's dividend distributions were not subject to withholding tax and the Management intend to defend any withholding tax claims by the Danish Tax Authorities. The tax claim may result in a liability of DKK 186,110 thousand. The interest accrued on the tax claim is as of April 30, 2020 DKK 450,517 thousand. Management has made one on account payment regarding interest payments in prior years, in order to reduce the exposure on the rolling interest expense. The payment of DKK 2,5 is recognized as a long term receivable in the balance sheet. During the fiscal year 20, there has been no further update or any development on this matter and further. Based on the assessment made by the Company's Management in conjunction with the opinion from the Company's legal counsel, it is considered more probably than not that the case will be found in the Company's favor.

In June 2019 the Company revised its go-to-market strategy. NetApp B.V. will service the Danish market through its Channel partners going forward. As a result of the strategic change the Company's office was closed on April 30, 2019. In connection with the preparation of the 2018/2019 financial statements management estimated the closing costs to approx DKK 6,1 million. In connection with the preparation of the 2019/2020 financial statements, management has reevaluated the provision and reversed the unused provision of approx DKK 5,3 million. Though the provision has not impacted the net profit of the company in neither 2018/2019 or 2019/2020, management has restated the comparative figures to reflect the actual provision DKK 0,8 million.

From Mid-June 2019, the channel partners has sourced all orders from NetApp B.V. All orders in backlog was supported by NetApp Denmark ApS. The Management expects the revenues and profitability to be negatively impacted by this change in the next fiscal years. NetApp B.V. will continue to support NetApp Denmark ApS and will honor the commissionaire agreement that is in place for the next fiscal year.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report. The spread of COVID-19 primo 2020 has not have any or is not expected to have any significant effect on the company's financial position or development. There has therefore from the balance sheet date and to this date not occurred circumstances, which may shift the assessment of the financial statement.

Income statement for 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Gross profit/loss		6,698,727	23,193,015
Staff costs	2	(6,469,510)	(21,408,953)
Operating profit/loss		229,217	1,784,062
Other financial expenses		(161,368)	(186,257)
Profit/loss before tax		67,849	1,597,805
Tax on profit/loss for the year	3	(31,483)	(377,964)
Profit/loss for the year		36,366	1,219,841
Proposed distribution of profit and loss			
Retained earnings		36,366	1,219,841
Proposed distribution of profit and loss		36,366	1,219,841

Balance sheet at 30.04.2020

Assets

	Notes	2019/20 DKK	2018/19 DKK
Other receivables		2,678,150	2,965,844
Other financial assets		2,678,150	2,965,844
Fixed assets		2,678,150	2,965,844
Trade receivables		0	15,663,312
Receivables from group enterprises		24,403,809	15,491,772
Prepayments		0	11,055
Receivables		24,403,809	31,166,139
Cash		6,516,151	8,958,134
Current assets		30,919,960	40,124,273
Assets		33,598,110	43,090,117

Equity and liabilities

	Notes	2019/20 DKK	2018/19 DKK
Contributed capital		10,000,000	10,000,000
Retained earnings		20,752,024	20,715,658
Equity		30,752,024	30,715,658
Other provisions		0	793,511
Provisions		0	793,511
Other payables		298,601	0
Non-current liabilities other than provisions	4	298,601	0
Trade payables		0	280,359
Income tax payable		16,556	709,365
Other payables	5	2,530,929	10,591,224
Current liabilities other than provisions		2,547,485	11,580,948
Liabilities other than provisions		2,846,086	11,580,948
Equity and liabilities		33,598,110	43,090,117
Uncertainty relating to recognition and measurement	1		
Contingent liabilities	6		
Group relations	7		

Statement of changes in equity for 2019/20

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	10,000,000	20,715,658	30,715,658
Profit/loss for the year	0	36,366	36,366
Equity end of year	10,000,000	20,752,024	30,752,024

Notes

1 Uncertainty relating to recognition and measurement

In September 2010, the Danish Tax Authorities issued a decision concluding that dividend distributions declared in 2005 and 2006 by the Company were subject to Danish at-source withholding tax. The Management do not believe that the Company is liable for such withholding tax and filed an appeal with the Danish Tax Tribunal.

In December 2011, the Danish Tax Tribunal issued a ruling in favor of the Company. The Danish tax examination agency appealed this decision at the Danish High Court (DHC) in March 2012.

In February 2016, the DHC requested a preliminary ruling from the Court of Justice of the European Union (CJEU). Parties were heard before the court in October 2017.

In March 2018, the Advocate General issued an opinion which was largely in favor of the Company. The CJEU was not bound by the opinion of the Advocate General and issued its preliminary ruling in February 2019. The CJEU ruling did not preclude the Danish Tax Authorities from imposing withholding tax on dividend distributions based on the benefits of certain European Union directives. The preliminary ruling will be reviewed and may be subjected to additional briefing by the DHC. Once complete, the DHC will then issue its final decision. While the timing and outcome of a final decision on this matter is uncertain, the Management believe it is more likely than not that the Company's dividend distributions were not subject to withholding tax and the Management intend to defend any withholding tax claims by the Danish Tax Authorities. The tax claim may result in a liability of DKK 186,110 thousand. The interest accrued on the tax claim is as of April 30, 2020 DKK 450,517 thousand. Management has made one on account payment regarding interest payments in prior years, in order to reduce the exposure on the rolling interest expense. The payment of DKK 2,5 is recognized as a long term receivable in the balance sheet. During the fiscal year 20, there has been no further update or any development on this matter and further. Based on the assessment made by the Company's Management in conjunction with the opinion from the Company's legal counsel, it is considered more probably than not that the case will be found in the Company's favor. In 2005 and 2006 by the Company were subject to Danish at-source withholding tax. The Management do not believe that the Company is liable for such withholding tax and filed an appeal with the Danish Tax Tribunal.

2 Staff costs

	2019/20 DKK	2018/19 DKK
Wages and salaries	5,905,189	19,968,708
Pension costs	529,829	1,391,659
Other social security costs	34,492	48,586
	6,469,510	21,408,953
Average number of full-time employees	2	12

3 Tax on profit/loss for the year

	2019/20	2018/19
	DKK	DKK
Current tax	31,483	328,578
Change in deferred tax	0	49,386
	31,483	377,964

4 Non-current liabilities other than provisions

	Due after more than 12 months 2019/20 DKK
Other payables	298,601
	298,601

5 Other payables

	2019/20	2018/19
	DKK	DKK
VAT and duties	161,118	3,376,332
Wages and salaries, personal income taxes, social security costs, etc payable	1,090,585	2,164,541
Holiday pay obligation	492,957	2,281,410
Other costs payable	786,269	2,768,941
	2,530,929	10,591,224

6 Contingent liabilities

The Company is part in pending tax claims, which may result in a liability of DKK 186.110 thousand. The interest accrued on the tax claim is as of April 30, 2020 DKK 450,517 thousand. Based on the assessment made by the Company's Management in conjunction with the opinion from the Company's legal counsel, it is considered more probably than not that the case will be found in the Company's favor.

7 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
NetApp Inc., 495 East Java Drive, Sunnyvale, CA 94089, USA

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

In connection with the preparation of the 2018/2019 financial statements management estimated the closing costs to approx. DKK 6,1 million. In connection with the preparation of the 2019/2020 financial statements, management has reevaluated the provision and reversed the unused provision of approx. DKK 5,4 million. Though the provision has not impacted the net profit of the company in neither 2018/2019 or 2019/2020, management has restated the comparative figures to reflect the actual provision DKK 0,8 million.

Consequently, the following items have been restated:

Gross profit, reduced with DKK 5,3m from DKK 28,5m to DKK 23,2m
Staff costs, reduced with DKK 5,3m from DKK 26,8m to DKK 21.4m
Receivables from group companies, reduced with DKK 5,3m from 20,8m to 15,5m
Other payables, reduced with DKK 5,3m from from DKK 6,1m to DKK 0,8m

The restatements did not impact the profit for the year, neither the Equity 1 May 2019.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange

differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external expenses

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise anticipated costs of decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.