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# ***Red Hat ApS***

c/o Horten Philip Heymans Alle 7, DK-2900  
Hellerup

## **Annual Report for 1 March 2017 - 28 February 2018**

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CVR No 33 78 54 45

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
23/7 2018

Jim Øksnebjerg  
Chairman



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## **Management's Statement**

The Executive Board has today considered and adopted the Annual Report of Red Hat ApS for the financial year 1 March 2017 - 28 February 2018.

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 28 February 2018 of the Company and of the results of the Company operations for 2017/18.

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.

Hellerup, 20 July 2018

### **Executive Board**

Eric Ryan Shander  
Executive Officer

Michael Martin O'Neill

Michael Robert Cunningham

# **Independent Auditor's Report on the Financial Statements**

To the Shareholder of Red Hat ApS

We have performed an extended review of the Financial Statements of Red Hat ApS for the financial year 1 March 2017 - 28 February 2018, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

## **Management's responsibility 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.

## **Auditor's responsibility**

Our responsibility is to express a conclusion on the Financial Statements. We conducted our extended review in accordance with the Danish Business Authority's assurance standard for small enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared under the Danish Financial Statements Act.

This requires that we comply with the Danish Act on Approved Auditors and Audit Firms and FSR – Danish Auditors' Code of Ethics and that we plan and perform procedures to obtain limited assurance in respect of our conclusion on the Financial Statements and, moreover, that we perform supplementary procedures specifically required to obtain additional assurance in respect of our conclusion.

An extended review consists of making inquiries, primarily of Management and others within the enterprise, as appropriate, and applying analytical procedures and the supplementary procedures specifically required as well as assessing the evidence obtained.

An extended review is less in scope than an audit and, consequently, we do not express an audit opinion on the Financial Statements.

## **Conclusion**

Based on the extended review, in our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 28 February 2018 and of the results of the Company operations for the financial year 1 March 2017 - 28 February 2018 in accordance with the Danish Financial Statements Act.

# **Independent Auditor's Report on the Financial Statements**

## **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 extended review 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 extended review, or otherwise appears to be materially misstated. Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

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

Hellerup, 20 July 2018

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Carsten Nielsen

State Authorised Public Accountant

mne30212

## Company Information

### The Company

Red Hat ApS  
c/o Horten Philip Heymans Alle 7  
DK-2900 Hellerup

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Website: [www.redhat.com](http://www.redhat.com)

CVR No: 33 78 54 45  
Financial period: 1 March - 28 February  
Financial year: 7th financial year  
Municipality of reg. office: Gentofte

### Executive Board

Eric Ryan Shander  
Michael Martin O'Neill  
Michael Robert Cunningham

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# **Management's Review**

## **Key activities**

The Company's main activity is to market Red Hat's subscription, training and consulting services to entities located in Denmark.

## **Development in the year**

The income statement of the Company for 2017/18 shows a profit of EUR 220,515, and at 28 February 2018 the balance sheet of the Company shows equity of EUR 491,704.

## **Subsequent events**

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

## Income Statement 1 March - 28 February

	Note	2017/18 EUR	2016/17 EUR
<b>Revenue</b>		<b>2,991,236</b>	<b>2,056,792</b>
Other external expenses		(453,837)	(264,837)
<b>Gross profit/loss</b>		<b>2,537,399</b>	<b>1,791,955</b>
Staff expenses	1	(2,251,106)	(1,682,646)
Depreciation		(6,461)	(6,921)
<b>Profit/loss before financial income and expenses</b>		<b>279,832</b>	<b>102,388</b>
Financial income		2,878	0
Financial expenses		0	(1,161)
<b>Profit/loss before tax</b>		<b>282,710</b>	<b>101,227</b>
Tax on profit/loss for the year	2	(62,195)	(21,809)
<b>Net profit/loss for the year</b>		<b>220,515</b>	<b>79,418</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings	220,515	79,418
	<b>220,515</b>	<b>79,418</b>



# Balance Sheet 28 February

## Assets

	Note	2018 EUR	2017 EUR
Other fixtures and fittings, tools and equipment		8,563	11,268
<b>Property, plant and equipment</b>	3	<b>8,563</b>	<b>11,268</b>
Deposits		2,865	2,872
Prepayments		219,761	101,809
<b>Fixed asset investments</b>		<b>222,626</b>	<b>104,681</b>
<b>Fixed assets</b>		<b>231,189</b>	<b>115,949</b>
Receivables from group enterprises		387,574	388,078
Other receivables		31,573	1,564
Deferred tax asset		1,760	1,058
Prepayments		485,711	213,879
<b>Receivables</b>		<b>906,618</b>	<b>604,579</b>
<b>Cash at bank and in hand</b>		<b>114,860</b>	<b>56,310</b>
<b>Currents assets</b>		<b>1,021,478</b>	<b>660,889</b>
<b>Assets</b>		<b>1,252,667</b>	<b>776,838</b>

# Balance Sheet 28 February

## Liabilities and equity

	Note	2018 EUR	2017 EUR
Share capital		10,728	10,728
Retained earnings		480,976	260,461
<b>Equity</b>	<b>4</b>	<b>491,704</b>	<b>271,189</b>
Trade payables		46,020	16,036
Payables to group enterprises		12,247	4,612
Corporation tax		39,119	2,788
Other payables		649,587	482,213
Deferred income		13,990	0
<b>Short-term debt</b>		<b>760,963</b>	<b>505,649</b>
<b>Debt</b>		<b>760,963</b>	<b>505,649</b>
<b>Liabilities and equity</b>		<b>1,252,667</b>	<b>776,838</b>
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# Notes to the Financial Statements

	2017/18 EUR	2016/17 EUR
<b>1 Staff expenses</b>		
Wages and salaries	1,983,005	1,390,205
Pensions	138,014	84,021
Other social security expenses	38,050	37,066
Other staff expenses	92,037	171,354
	<b>2,251,106</b>	<b>1,682,646</b>
<b>Average number of employees</b>	<b>14</b>	<b>11</b>
<b>2 Tax on profit/loss for the year</b>		
Current tax for the year	62,898	22,966
Deferred tax for the year	(703)	(1,157)
	<b>62,195</b>	<b>21,809</b>
<b>3 Property, plant and equipment</b>		
		Other fixtures and fittings, tools and equipment EUR
Cost at 1 March		27,374
Additions for the year		6,009
Cost at 28 February		33,383
Impairment losses and depreciation at 1 March		16,106
Impairment losses for the year		2,253
Depreciation for the year		6,461
Impairment losses and depreciation at 28 February		24,820
<b>Carrying amount at 28 February</b>		<b>8,563</b>

# Notes to the Financial Statements

## 4 Equity

	Share capital EUR	Retained earnings EUR	Total EUR
Equity at 1 March	10,728	260,461	271,189
Net profit/loss for the year	0	220,515	220,515
<b>Equity at 28 February</b>	<b>10,728</b>	<b>480,976</b>	<b>491,704</b>

The share capital consists of 80 shares of a nominal value of DKK 1,000. No shares carry any special rights.

## 5 Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

	2018 EUR	2017 EUR
The Company has contingent liabilities for rental agreements	15,757	11,609

There are no other security and contingent liabilities at 28 February 2018.

# Notes to the Financial Statements

## 6 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
Red Hat, Inc.	Majority shareholder
Eric Ryan Shander	Member of the board of director
Michael Martin O'Neill	Member of the board of director
Michael Robert Cunningham	Member of the board of director

### Consolidated Financial Statements

The company is included in the consolidated financial statements of Red Hat, Inc. for the smallest and largest Group.

<u>Name</u>	<u>Place of registered office</u>
Red Hat, Inc.	North Carolina

The Group Annual Report of Red Hat, Inc. may be obtained at the following address:

100 East Davie Street Raleigh, North Carolina 27601, USA

# Notes to the Financial Statements

## 7 Accounting Policies

The Annual Report of Red Hat ApS for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Company has fulfilled its obligations in order to file the Annual Report in english. The accounting policies applied remain unchanged from last year.

In order to comply with the Danish Financial Statements Act § 23 amendments have been made to the comparative figures in the Balance Sheet. The amendments have no effect on the Company' income statement, equity or financial position.

The Financial Statements for 2017/18 are presented in EUR.

### Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

# Notes to the Financial Statements

## 7 Accounting Policies (continued)

### Translation policies

Euro is used as the presentation currency. All other currencies are regarded as foreign currencies.

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.

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.

## Income Statement

### Revenue

The Company earns revenue under sales, marketing and support service agreements with Red Hat Limited and other Red Hat Group entities. Revenue earned under these service agreements is recognised as the services are rendered.

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 expenses for premises, sales and distribution as well as the Company's administration, etc.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses including holiday pay and pension and other social security costs etc. to the Company's employees. Staff costs are reduced with payments received from public authorities.

### Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

# Notes to the Financial Statements

## 7 Accounting Policies (continued)

### Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, price adjustment of securities as well as extra payments and repayment under the onaccount taxation scheme.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

## Balance Sheet

### 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:

Other fixtures and fittings, tools and equipment	3	years
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Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

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

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

### Fixed asset investments

Fixed asset investments consist of deposit securites and long-term prepayments.

### 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.



# Notes to the Financial Statements

## 7 Accounting Policies (continued)

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and commissions to employees.

### **Dividend**

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **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.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### **Current tax receivables and liabilities**

Current tax 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.

### **Other liabilities**

Other liabilities are measured at amortised cost, which for short-term non-interest-bearing liabilities corresponds to the nominal value.

### **Deferred income**

Deferred income comprises payments received in respect of income in subsequent years.