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# ***Red Hat ApS***

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

## **Annual Report for 1 January 2021-31 December 2021**

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CVR No 33 77 12 31

The Annual Report was  
presented and adopted at  
the Annual General Meeting  
of the Company on 14/06/2022



Jacob Kernerup  
Chairman of the General Meeting

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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 January 2021 - 31 December 2021.

The Annual report is prepared in accordance with the Danish Financial Statements Act.

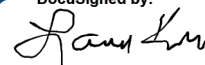
In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for the period 1 January 2021 - 31 December 2021.

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

We recommend that the Annual Report be adopted at the Annual General Meeting

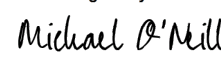
Hellerup, 14/06/2022

## Executive Board

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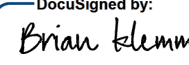
Laurie Krebs

Executive Officer

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Michael Martin O'Neill

Executive Officer

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Brian William Klemm

Executive Officer

# The Independent Practitioner's Report

To the Shareholder of Red Hat ApS

## **Conclusion**

We have performed an extended re-view of the Financial Statements of Red Hat ApS for the financial year 1 January 2021 - 31 December 2021, 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.

Based on the work performed, in our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company operations for the financial year 1 January 2021 - 31 December 2021 in accordance with the Danish Financial Statements Act.

## **Basis for conclusion**

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 in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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 rules and requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## **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.

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.

## **Practitioner's responsibilities for the extended review of the Financial Statements**

Our responsibility is to express a conclusion on the Financial Statements. This requires 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

# The Independent Practitioner's Report

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.

## **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 , 14/06/2022  
PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR No 33 77 12 31



Jacob Fromm Christiansen  
State Authorised Public Accountant  
Mne18628



Kristian Hoigaard Carlsen  
State Authorised Public Accountant  
Mne44112

## Company Information

### The Company

Red Hat ApS  
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DK-2900 Hellerup

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E-mail [jk@horten.dk](mailto:jk@horten.dk)

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

CVR no.: 33 78 54 45

Reporting period: 1 January - 31 December

Financial year: 10th financial year

Municipality of reg.  
office: Gentofte

### Executive Board

Laurie Krebs  
Michael Martin O'Neill  
Brian William Klemm

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Management's Review

## **Key activities**

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

## **Development in the year**

The income statement of the Company for 2021 shows a profit of EUR 109,658, and at 31 December 2021 the balance sheet of the Company shows equity of EUR 1,455,582.

# Income Statement 1 January - 31 December

	Note	01/01/2021- 31/12/2021	01/01/2020- 31/12/2020
		EUR	EUR
Revenue		7,330,292	6,100,942
Other external expenses		-873,358	-476,341
<b>Gross profit</b>		<b>6,456,934</b>	<b>5,624,601</b>
Staff expenses	1	-6,294,234	-4,929,370
Depreciation		-20,308	-17,952
<b>Profit before financial income and expenses</b>		<b>142,392</b>	<b>677,278</b>
Financial expenses		-762	-9,450
<b>Profit before tax</b>		<b>141,630</b>	<b>667,828</b>
Tax on profit for the reporting period	2	-31,972	-141,710
<b>Net profit for the reporting period</b>		<b>109,658</b>	<b>526,118</b>
<b>Distribution of profit</b>			
<b>Proposed distribution of profit</b>			
Retained earnings		109,658	526,118
		<b>109,658</b>	<b>526,118</b>



# Balance Sheet 31 December

## Assets

	Note	31/12/2021 EUR	31/12/2020 EUR
Other fixtures and fittings, tools and equipment		26,625	30,101
<b>Property, plant and equipment</b>	3	<b>26,625</b>	<b>30,101</b>
Deposits		19,160	17,215
Prepayments		595,909	427,557
<b>Fixed asset investments</b>		<b>615,069</b>	<b>444,772</b>
<b>Fixed assets</b>		<b>641,694</b>	<b>474,873</b>
Receivables from group enterprises		1,357,849	597,549
Other receivables		111,290	40,398
Deferred tax asset		4,839	3,739
Prepayments		421,099	283,315
<b>Receivables</b>		<b>1,895,077</b>	<b>925,001</b>
<b>Cash at bank and in hand</b>		<b>1,068,090</b>	<b>1,841,402</b>
<b>Currents assets</b>		<b>2,963,167</b>	<b>2,766,403</b>
<b>Assets</b>		<b>3,604,861</b>	<b>3,241,276</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	31/12/2021 EUR	31/12/2020 EUR
Share capital		10,728	10,728
Retained earnings	4	1,444,854	1,335,195
<b>Equity</b>		<b>1,455,582</b>	<b>1,345,923</b>
Other payables		—	472,989
<b>Long-term debt</b>		<b>—</b>	<b>472,989</b>
Trade payables		328,088	46,481
Payables to group enterprises		3,585	36,387
Corporation tax		33,072	187,628
Group tax contributions payable		187,628	—
Other payables		1,596,906	1,151,868
<b>Short-term debt</b>		<b>2,149,279</b>	<b>1,422,364</b>
<b>Debt</b>		<b>2,149,279</b>	<b>1,895,353</b>
<b>Liabilities and equity</b>		<b>3,604,861</b>	<b>3,241,276</b>
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# Notes to the Financial Statements

	01/01/2021- 31/12/2021	01/01/2020- 31/12/2020
	EUR	EUR
<b>1 Staff expenses</b>		
Wages and Salaries	5,799,866	4,344,854
Pension costs	275,155	224,303
Other social security expenses	19,718	55,266
Other staff expenses	199,495	304,947
	<u>6,294,234</u>	<u>4,929,370</u>

<b>Average number of employees</b>	<u>34</u>	<u>27</u>
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## 2 Tax on profit/loss for the year

Current tax for the reporting period	-33,072	-142,782
Deferred tax for the reporting period	1,100	1,072
	<u>-31,972</u>	<u>-141,710</u>

## 3 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	EUR
Cost at 1 January	91,767
Additions for the reporting period	16,832
Cost at 31 December	<u>108,599</u>
Impairment losses and depreciation at 1 January	61,666
Depreciation for the reporting period	20,308
Impairment losses and depreciation at 31 December	<u>81,974</u>
<b>Carrying amount at 31 December</b>	<u>26,625</u>

# Notes to the Financial Statements

## 4 Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	EUR	EUR	EUR
Equity at 1 January	10,728	1,335,195	1,345,923
Net profit for the year	<u>—</u>	<u>109,658</u>	<u>109,658</u>
<b>Equity at 31 December</b>	<b><u>10,728</u></b>	<b><u>1,444,853</u></b>	<b><u>1,455,581</u></b>

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

	<u>31/12/2021</u>	<u>31/12/2020</u>
	EUR	EUR

## 5 Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

The Company has contingent liabilities for rental agreements	240,250	285,240
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There are no other security and contingent liabilities at 31 December 2021.

# Notes to the Financial Statements

## 6 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
International Business Machines Corporation (IBM)	Majority shareholder
Laurie Krebs	Member of the board of director
Michael Martin O'Neill	Member of the board of director
Brian William Klemm	Member of the board of director

## Consolidated Financial Statements

The company is included in the consolidated financial statements of IBM for the smallest and largest Group.

<u>Name</u>	<u>Place of registered office</u>
International Business Machines Corporation (IBM)	New York

The Group Annual Report of IBM may be obtained at the following address:

1 New Orchard Road, Armonk, New York 10504-1722, USA

## Consolidated Financial Statements:

Red Hat ApS's accounts are consolidated into the accounts of International Business Machines Corporation (hereafter "IBM"), a U.S. company. A copy of the consolidated accounts can be obtained at 1 New Orchard Road, Armonk, New York 10504-1722, USA.

# Notes to the Financial Statements

## 7 Accounting Policies

The Annual Report of Red Hat ApS for 1 January 2021 - 31 December 2021 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.

The Financial Statements for 1 January 2021 - 31 December 2021 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. Estimates are based on management's best knowledge of current events, historical experience, actions that the company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances, including the macroeconomic impacts of the COVID-19 pandemic.

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.

### Depreciation and impairment losses

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

### 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 one account taxation scheme.

# Notes to the Financial Statements

## 7 Accounting Policies (continued)

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

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 securities 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.

### Financial debts

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

### Deferred income

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