
Red Hat ApS

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

Annual Report for 1 January 2023-31 December 2023

CVR No 33 78 54 45

The Annual Report was
presented and adopted at
the Annual General Meeting
of the Company on 07/06/2024

Jacob Kornerup
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 2023 - 31 December 2023.

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

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for the period 1 January 2023 - 31 December 2023.

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, 7 June 2024

Executive Board

Ryan Barnhart

Michael Martin O'Neill

Amy Ross

Executive Officer

Executive Officer

Executive Officer



The Independent Practitioner's Report

To the Shareholders of Red Hat ApS

Conclusion

We have performed an extended review of the Financial Statements of Red Hat ApS for the financial year 1 January - 31 December 2023, 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 2023 and of the results of the Company operations for the financial year 1 January - 31 December 2023 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' 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 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 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, 7 June 2024
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Kristian Højgaard Carlsen
statsautoriseret revisor
mne44112

Company Information

The Company	Red Hat ApS c/o Horten Philip Heymans Alle 7 DK-2900 Hellerup
	Telephone: + 45 33 34 40 00
	E-mail jk@horten.dk
	Website: www.redhat.com
	CVR no.: 33 78 54 45
	Reporting period: 1 January - 31 December
	Financial year: 12th financial year
	Municipality of reg. office: Gentofte
Executive Board	Amy Ross Michael Martin O'Neill Ryan Barnhart
Auditors	PricewaterhouseCoopers 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 2023 shows a profit of EUR 527,556, and at 31 December 2023 the balance sheet of the Company shows equity of EUR 2,402,275.

Subsequent events

No subsequent events have occurred.

Income Statement 1 January - 31 December

	Note	2023 EUR	2022 EUR
Revenue		10,106,091	9,878,439
Other external expenses		-1,010,890	-1,726,896
Gross profit		<u>9,095,201</u>	<u>8,151,543</u>
Staff expenses	1	-8,414,899	-7,482,039
Depreciation		-23,051	-24,346
Other operating expenses		-21,267	-25,055
Profit before financial income and expenses		635,984	620,103
Financial income		50,249	-57
Financial expenses		—	-77,317
Profit before tax		<u>686,233</u>	<u>542,729</u>
Tax on profit for the reporting period	2	-158,677	-123,592
Net profit for the reporting period		<u><u>527,556</u></u>	<u><u>419,137</u></u>
Distribution of profit			
Proposed distribution of profit		527,556	419,137
Retained earnings		<u><u>527,556</u></u>	<u><u>419,137</u></u>

Balance Sheet 31 December

Assets

	Note	2023	2022
		EUR	EUR
Other fixtures and fittings, tools and equipment		29,585	32,372
Property, plant and equipment	3	29,585	32,372
Deposits		34,833	23,552
Prepayments		639,033	679,125
Fixed asset investments		673,866	702,677
Fixed assets		703,451	735,049
Receivables from group enterprises		2,424,800	1,107,063
Other receivables		96,518	83,925
Deferred tax asset		12,771	9,884
Prepayments		646,430	618,847
Receivables		3,180,519	1,819,719
Cash at bank and in hand		142,495	1,297,672
Currents assets		3,323,014	3,117,391
Assets		4,026,465	3,852,440

Balance Sheet 31 December

Liabilities and equity

	Note	31/12/2023	31/12/2022
		EUR	EUR
Share capital		10,728	10,728
Retained earnings	4	2,391,547	1,863,991
Equity		2,402,275	1,874,719
Trade payables		181,925	342,843
Corporation tax		—	128,628
Group tax contributions payable		162,742	220,709
Other payables		1,279,523	1,285,541
Short-term debt		1,624,190	1,977,721
Debt		1,624,190	1,977,721
Liabilities and equity		4,026,465	3,852,440
Contingent assets, liabilities and other financial obligations	5		
Related parties	6		
Accounting Policies	7		

Notes to the Financial Statements

	2023	2022
	EUR	EUR
1 Staff expenses		
Wages and Salaries	7,280,364	6,674,371
Pension costs	551,492	519,747
Other social security expenses	150,764	29,506
Other staff expenses	432,279	258,415
	<u>8,414,899</u>	<u>7,482,039</u>
Average number of employees	<u>40</u>	<u>36</u>
2 Tax on profit/loss for the year		
Current tax for the reporting period	-161,564	-128,637
Deferred tax for the reporting period	2,887	5,045
	<u>-158,677</u>	<u>-123,592</u>
3 Property, plant and equipment		
		<u>Other fixtures and fittings, tools and equipment</u>
		EUR
Cost at 1 January		138,692
Additions for the reporting period		21,107
Disposals		-5,218
Cost at 31 December		<u>154,581</u>
Impairment losses and depreciation at 1 January		106,320
Depreciation for the reporting period		23,051
Depreciation disposal/retirement		-4,375
Impairment losses and depreciation at 31 December		<u>124,996</u>
Carrying amount at 31 December		<u>29,585</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	1,863,991	1,874,719
Net profit for the year	—	527,556	527,556
Equity at 31 December	<u>10,728</u>	<u>2,391,547</u>	<u>2,402,275</u>

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

	<u>2023</u>	<u>2022</u>
	EUR	EUR
5 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
The Company has contingent liabilities for rental agreements	32,208	35,232

There are no other security and contingent liabilities at 31 December 2023.

Notes to the Financial Statements

6 Related parties

	<u>Basis</u>
Controlling interest	
International Business Machines Corporation (IBM)	Majority shareholder
Amy Ross	Member of the board of director
Michael Martin O'Neill	Member of the board of director
Ryan Barnhart	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 2023 - 31 December 2023 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 2023 - 31 December 2023 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.

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.