
Red Hat ApS

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

Annual Report for 1 January 2020-31 December 2020

CVR No 33 77 12 31

The Annual Report was
presented and adopted at
the Annual General Meeting
of the Company on 25 May, 2021

Jacob Kornrup
Chairman of the General Meeting



Contents

	Page
Management's Statement and Auditor's Report	
Management's Statement	1
The Independent Practitioner's Report	2
Company Information	
Company Information	4
Management's review	5
Financial statements	
Income statement 1 January - 31 December	6
Balance sheet 31 December	7
Notes to the Financial Statements	9

Management's Statement

The Executive Board has today considered and adopted the Annual Report of Red Hat ApS for the financial year 1 January 2020 - 31 December 2020.

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 2020 of the Company and of the results of the Company operations for the period 1 January 2020 - 31 December 2020.

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, 21 May, 2021

Executive Board

DocuSigned by:

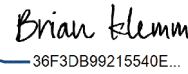
8ED930E2C2AE45D...
Laurie Krebs

Executive Officer

DocuSigned by:

D431E0446D5A444...
Michael Martin O'Neill

Executive Officer

DocuSigned by:

36F3DB99215540E...
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 2020 - 31 December 2020, 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 2020 and of the results of the Company operations for the financial year 1 January 2020 - 31 December 2020 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 , 21 May, 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob Fromm Christiansen
State Authorised Public Accountant
Mne18628

Kristian Hojgaard Carlsen
State Authorised Public Accountant
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: 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 2020 shows a profit of EUR 526,118, and at 31 December 2020 the balance sheet of the Company shows equity of EUR 1,345,923.

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.

Income Statement 1 January - 31 December

	Note	01/01/2020- 31/12/2020	01/03/2019- 31/12/2019
		EUR	EUR
Revenue		6,100,942	5,046,905
Other external expenses		-476,341	-648,301
Gross profit		5,624,601	4,398,604
Staff expenses	1	-4,929,370	-4,045,430
Depreciation		-17,952	-10,865
Profit before financial income and expenses		677,278	342,309
Financial income		—	5,861
Financial expenses		-9,450	—
Profit before tax		667,828	348,170
Tax on profit for the reporting period	2	-141,710	-86,600
Net profit for the reporting period		526,118	261,570
Distribution of profit			
Proposed distribution of profit			
Retained earnings		526,118	261,570
		526,118	261,570

Balance Sheet 31 December

Assets

	Note	31/12/2020	31/12/2019
		EUR	EUR
Other fixtures and fittings, tools and equipment		30,101	24,825
Property, plant and equipment	3	30,101	24,825
Deposits		17,215	8,190
Prepayments		427,557	93,946
Fixed asset investments		444,772	102,136
Fixed assets		474,873	126,961
Receivables from group enterprises		597,549	66,907
Other receivables		40,398	22,000
Deferred tax asset		3,739	2,667
Prepayments		283,315	148,295
Receivables		925,001	239,869
Cash at bank and in hand		1,841,402	1,586,862
Currents assets		2,766,403	1,826,731
Assets		3,241,276	1,953,692

Balance Sheet 31 December

Liabilities and equity

	Note	31/12/2020	31/12/2019
		EUR	EUR
Share capital		10,728	10,728
Retained earnings	4	1,335,195	809,077
Equity		1,345,923	819,805
Other payables		472,989	163,820
Long-term debt		472,989	163,820
Trade payables		46,481	30,677
Payables to group enterprises		36,387	155,212
Corporation tax		187,628	62,236
Other payables		1,151,868	721,942
Short-term debt		1,422,364	970,067
Debt		1,895,353	1,133,887
Liabilities and equity		3,241,276	1,953,692
Contingent assets, liabilities and other financial obligations	5		
Related parties	6		
Accounting Policies	7		

Notes to the Financial Statements

	01/01/2020- 31/12/2020	01/03/2019- 31/12/2019
	EUR	EUR
1 Staff expenses		
Wages and Salaries	4,344,854	3,667,418
Pension costs	224,303	164,538
Other social security expenses	55,266	25,191
Other staff expenses	304,947	188,284
	<u>4,929,370</u>	<u>4,045,430</u>
Average number of employees	<u>27</u>	<u>22</u>
2 Tax on profit/loss for the year		
Current tax for the reporting period	(142,782)	87,526
Deferred tax for the reporting period	1,072	(926)
	<u>(141,710)</u>	<u>86,600</u>
3 Property, plant and equipment		
		Other fixtures and fittings, tools and equipment
		<u>EUR</u>
Cost at 1 January		68,539
Additions for the reporting period		<u>23,228</u>
Cost at 31 December		<u>91,767</u>
Impairment losses and depreciation at 1 January		43,714
Depreciation for the reporting period		<u>17,952</u>
Impairment losses and depreciation at 31 December		<u>61,666</u>
Carrying amount at 31 December		<u>30,101</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	809,077	819,805
Net profit for the year	—	526,118	526,118
Equity at 31 December	10,728	1,335,195	1,345,923

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

	<u>31/12/2020</u>	<u>31/12/2019</u>
	EUR	EUR
5 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
The Company has contingent liabilities for rental agreements	285,240	321,440

There are no other security and contingent liabilities at 31 December 2020.

Notes to the Financial Statements

6 Related parties

Controlling interest	<u>Basis</u>
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

Notes to the Financial Statements

7 Accounting Policies

The Annual Report of Red Hat ApS for 1 January 2020 - 31 December 2020 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 2020 - 31 December 2020 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.

PENNEO

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift.
Underskrivernes identiteter er blevet registereret, og informationerne er listet herunder.

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Kristian Højgaard Carlsen

Statsautoriseret revisor

På vegne af: PricewaterhouseCoopers

Serienummer: CVR:33771231-RID:50957671

IP: 83.136.xxx.xxx

2021-05-21 13:56:12Z

NEM ID 

Jacob Fromm Christiansen

Statsautoriseret revisor

På vegne af: PricewaterhouseCoopers Statsautoriseret...

Serienummer: PID:9208-2002-2-280994644017

IP: 87.49.xxx.xxx

2021-05-25 08:33:54Z

NEM ID 

Penneo dokumentnøgle: BOA28-VENOQ-6YBES-ODCTW-P68HI-QBCC8

Dette dokument er underskrevet digitalt via **Penneo.com**. Signeringsbeviserne i dokumentet er sikret og valideret ved anvendelse af den matematiske hashværdi af det originale dokument. Dokumentet er låst for ændringer og tidsstempelt med et certifikat fra en betroet tredjepart. Alle kryptografiske signeringsbeviser er indlejret i denne PDF, i tilfælde af de skal anvendes til validering i fremtiden.

Sådan kan du sikre, at dokumentet er originalt

Dette dokument er beskyttet med et Adobe CDS certifikat. Når du åbner dokumentet

i Adobe Reader, kan du se, at dokumentet er certificeret af **Penneo e-signature service** <penneo@penneo.com>. Dette er din garanti for, at indholdet af dokumentet er uændret.

Du har mulighed for at efterprøve de kryptografiske signeringsbeviser indlejret i dokumentet ved at anvende Penneos validator på følgende websted: <https://penneo.com/validate>