Keepit A/S

Per Henrik Lings Allé 4, 7., DK-2100 Copenhagen

Annual Report for 1 October 2020 - 30 September 2021

CVR No 30 80 68 83

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 11/02 2022

Mikkel Bansholt Oxfeldt
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Keepit A/S for the financial year 1 October 2020 - 30 September 2021.

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

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

Copenhagen, 11 February 2022

Executive Board

Morten Felsvang CEO	Frederik Schouboe CEO

Board of Directors

Niels Anderskouv Chairman	Bertrand Jürgen Goetchel	David Klein
Nikolaj Hviid	Jesper Tranholm Frederiksen	

Independent Auditor's Report

To the Shareholders of Keepit A/S

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 September 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 October 2020 - 30 September 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Keepit A/S for the financial year 1 October 2020 - 30 September 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Group 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 audit 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 audit, 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 Consolidated Financial Statements and the Parent Company 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.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or the Company 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 Company's and the Group'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 Group's and the Company'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 Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Hellerup, 11 February 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Niels Henrik B. Mikkelsen
state authorised public accountant
mne16675

Company Information

The Company	Keepit A/S Per Henrik Lings Allé 4, 7. DK-2100 Copenhagen CVR No: 30 80 68 83 Financial period: 1 October - 30 September Incorporated: 23 August 2007 Municipality of reg. office: Copenhagen
Board of Directors	Niels Anderskouv , Chairman Bertrand Jürgen Goetchel David Klein Nikolaj Hviid Jesper Tranholm Frederiksen
Executive Board	Morten Felsvang Frederik Schouboe
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a two-year period, the development of the Group is described by the following financial highlights:

	Group	
	2020/21	2019/20
	TDKK	TDKK
Key figures		
Profit/loss		
Revenue	74.334	44.887
Profit/loss before financial income and expenses	-58.299	-13.194
Net financials	-2.962	-4.956
Net profit/loss for the year	-52.012	-14.092
Balance sheet		
Balance sheet total	154.872	186.100
Equity	70.742	122.754
Cash flows		
Cash flows from:		
- operating activities	-44.329	6.601
- investing activities	-29.774	-21.246
of which investment in property, plant and equipment	-17.326	-12.925
- financing activities	4.944	133.078
Change in cash and cash equivalents for the year	-69.159	118.433
Number of employees	128	40
Ratios		
Gross margin	50,5%	56,8%
Profit margin	-78,4%	-29,4%
Return on assets	-37,6%	-7,1%
Solvency ratio	45,7%	66,0%
Return on equity	-53,8%	-23,0%

During 2020-21 Keepit A/S established a subsidiary in the US. This means that for 2020-21 consolidated financial statements have been prepared for the first time. The comparison figures have not been restated and consist only of the parent company's numbers.

Management's Review

Key activities

Keepit is a software company specialising in Cloud-to-Cloud data backup and recovery. Deriving from 20+ years of experience in building best-in-class data protection and hosting services, Keepit is pioneering the way to secure and protect cloud data at scale.

Development in the year

The income statement of the Group for 2020/21 shows a loss of DKK 52,012,027, and at 30 September 2021 the balance sheet of the Group shows equity of DKK 70,741,995.

Following the capital increase in September 2020, Keepit has made significant investments in growth during the 2020/21 fiscal year. The investments have been focused on increased market presence as well as continuous product improvements.

Pleasingly, the results are in line with expectations, and investments will continue in the 2021/22 fiscal year.

Capital resources

As per September 30, 2021 the Group had cash and cash equivalents of DKKt 60,119. In December 2021, additional capital was raised (see "subsequent events").

Foreign exchange risks

The Group has income in a number of different currencies with the majority being DKK, EUR and USD. While the market presence in the US is being built, the Group will have costs in USD which are exceeding USD income, and is hence exposed to some foreign exchange risk. Currency risks are currently not hedged.

Research and development

In order to maintain product leadership in the market, Keepit is continuously investing in product research and development. With the rapid development of new technologies and new threats to companies' data, this is a main focus for the Group and key to future income.

Ability to attract and retain talent is critical, and the Group is successful in this regard with more than 250 skilled people in multiple locations as of September 2021 and low employee turnover.

During the fiscal year more than DKKt 17,000 was invested in research and development.

Management's Review

External environment

Keepit observes the ten principles of the United Nations Global Compact on human rights, labor rights, environment protection and to combat all forms of corruption. The principles constitute the minimum standards for Keepit and are integrated into the Company's Code of Conduct.

The Group's main impact on the external environment is considered to be the use of electricity for datacenters. Keepit is constantly looking for ways to reduce the impact, for example by investing in energy efficient equipment.

Uncertainty relating to recognition and measurement

Completed development projects show a book value of DKKt 35,228 as per 30 September 2021.

Capitalized costs of completed development projects comprise salaries directly or indirectly attributable to the Company's development activities. On a monthly basis, it is assessed if costs qualify for capitalization. This assessment is based on managerial estimates including the nature of the development activities and the potential current and future addressable market. Capitalized development projects are depreciated on a straight-line basis over 10 years. Costs not passing these criteria are expensed in the income statement.

Management has performed an impairment test based on a discounted cash flow framework, where the main variables are cash flow in a forecast period, discount rate, and growth in cash flow in the terminal period.

Based on the performed impairment test, management sees no indications of impairment.

Subsequent events

In December 2021, the Group has completed a series A2 capital increase for a total cash value of c. DKKm 55.

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

Income Statement 1 October - 30 September

	Note	Group 2020/21 DKK	Group 2019/20 DKK	Parent Company 2020/21 DKK	Parent Company 2019/20 DKK
Revenue		**74.334.133**	**44.886.506**	**74.309.105**	**44.886.506**
Work on own account recognised as development projects		12.448.123	8.316.094	12.448.123	8.316.094
Hosting and other transmission expenses		-5.133.770	-3.914.689	-5.133.340	-3.914.689
Other external expenses		-44.124.886	-23.794.754	-54.604.732	-23.794.754
Gross profit/loss		**37.523.600**	**25.493.157**	**27.019.156**	**25.493.157**
Staff expenses	1	-85.523.181	-31.772.799	-75.292.212	-31.772.799
Profit/loss before Interest, Taxes, Depreciation, and Amortization		**-47.999.581**	**-6.279.642**	**-48.273.056**	**-6.279.642**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-10.299.528	-6.914.453	-10.291.567	-6.914.453
Profit/loss before financial income and expenses		**-58.299.109**	**-13.194.095**	**-58.564.623**	**-13.194.095**
Income from investments in subsidiaries		0	0	-35.345	0
Financial income	3	144	214	151.781	214
Financial expenses	4	-2.961.820	-4.955.746	-2.818.958	-4.955.746
Profit/loss before tax		**-61.260.785**	**-18.149.627**	**-61.267.145**	**-18.149.627**
Tax on profit/loss for the year	5	9.248.758	4.057.443	9.255.118	4.057.443
Net profit/loss for the year		**-52.012.027**	**-14.092.184**	**-52.012.027**	**-14.092.184**

Balance Sheet 30 September

Assets

	Note	Group 2020/21 DKK	Group 2019/20 DKK	Parent Company 2020/21 DKK	Parent Company 2019/20 DKK
Completed development projects		35.227.515	26.987.558	35.227.515	26.987.558
Acquired patents		58.592	86.513	58.592	86.513
Goodwill		0	474.255	0	474.255
Intangible assets	6	**35.286.107**	**27.548.326**	**35.286.107**	**27.548.326**
Other fixtures and fittings, tools and equipment		31.211.842	19.122.820	31.121.230	19.122.820
Leasehold improvements		675.881	684.575	675.881	684.575
Property, plant and equipment	7	**31.887.723**	**19.807.395**	**31.797.111**	**19.807.395**
Investments in subsidiaries	8	0	0	0	0
Deposits	9	1.344.381	160.477	1.166.582	160.477
Fixed asset investments		**1.344.381**	**160.477**	**1.166.582**	**160.477**
Fixed assets		**68.518.211**	**47.516.198**	**68.249.800**	**47.516.198**
Trade receivables		9.978.315	6.267.803	9.216.734	6.267.803
Receivables from group enterprises		0	0	12.233.346	0
Other receivables		352.431	91.338	302.038	91.338
Corporation tax receivable from group enterprises		8.306.483	0	8.306.483	0
Prepayments		7.597.546	2.945.993	7.584.845	2.945.993
Receivables		**26.234.775**	**9.305.134**	**37.643.446**	**9.305.134**
Cash at bank and in hand		**60.119.357**	**129.278.774**	**59.392.998**	**129.278.774**
Current assets		**86.354.132**	**138.583.908**	**97.036.444**	**138.583.908**
Assets		**154.872.343**	**186.100.106**	**165.286.244**	**186.100.106**

Balance Sheet 30 September

Liabilities and equity

	Note	Group 2020/21 DKK	Group 2019/20 DKK	Parent Company 2020/21 DKK	Parent Company 2019/20 DKK
Share capital		1.540.570	1.540.570	1.540.570	1.540.570
Reserve for development costs		19.442.491	14.263.302	19.442.491	14.263.302
Retained earnings		49.758.934	106.950.150	49.758.934	106.950.150
Equity		**70.741.995**	**122.754.022**	**70.741.995**	**122.754.022**
Provision for deferred tax		0	948.635	0	948.635
Provisions		**0**	**948.635**	**0**	**948.635**
Credit institutions		11.086.493	14.462.892	11.086.493	14.462.892
Lease obligations		4.097.422	8.619.974	4.097.422	8.619.974
Deferred income		1.409.864	434.659	1.409.864	434.659
Long-term debt	11	**16.593.779**	**23.517.525**	**16.593.779**	**23.517.525**
Credit institutions	11	3.222.167	0	3.222.167	0
Lease obligations	11	15.302.999	5.338.441	15.302.999	5.338.441
Trade payables		8.109.048	3.948.179	8.128.002	3.948.179
Payables to group enterprises		0	0	11.708.895	0
Payables to owners and Management		156.054	64.916	156.054	64.916
Other payables		15.089.052	12.477.183	14.507.826	12.477.183
Deferred income	11	25.657.249	17.051.205	24.924.527	17.051.205
Short-term debt		**67.536.569**	**38.879.924**	**77.950.470**	**38.879.924**
Debt		**84.130.348**	**62.397.449**	**94.544.249**	**62.397.449**
Liabilities and equity		**154.872.343**	**186.100.106**	**165.286.244**	**186.100.106**

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Statement of Changes in Equity

Group

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 October 2020	1.540.570	14.263.302	106.950.150	122.754.022
Development costs for the year	0	9.709.536	0	9.709.536
Depreciation, amortisation and impairment for the year	0	-4.530.347	4.530.347	0
Net profit/loss for the year	0	0	-61.721.563	-61.721.563
Equity at 30 September 2021	**1.540.570**	**19.442.491**	**49.758.934**	**70.741.995**

Parent Company

	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 October 2020	1.540.570	14.263.302	106.950.150	122.754.022
Development costs for the year	0	9.709.536	0	9.709.536
Depreciation, amortisation and impairment for the year	0	-4.530.347	4.530.347	0
Net profit/loss for the year	0	0	-61.721.563	-61.721.563
Equity at 30 September 2021	**1.540.570**	**19.442.491**	**49.758.934**	**70.741.995**

Cash Flow Statement 1 October - 30 September

	Note	Group 2020/21 DKK	Group 2019/20 DKK
Net profit/loss for the year		-52.012.027	-14.092.184
Adjustments	12	4.006.653	7.812.542
Change in working capital	13	6.637.684	10.900.705
Cash flows from operating activities before financial income and expenses		**-41.367.690**	**4.621.063**
Financial income		144	214
Financial expenses		-2.961.819	-4.960.865
Cash flows from ordinary activities		**-44.329.365**	**-339.588**
Corporation tax received		0	6.940.375
Cash flows from operating activities		**-44.329.365**	**6.600.787**
Purchase of intangible assets		-12.448.123	-8.316.094
Purchase of property, plant and equipment		-17.326.042	-12.924.755
Fixed asset investments made etc		0	-4.755
Cash flows from investing activities		**-29.774.165**	**-21.245.604**
Repayment of loans from credit institutions		-497.894	-193.447
Reduction of lease obligations		-7.289.538	-3.732.405
Repayment of payables to group enterprises		0	-39.046.617
Lease obligations incurred		12.731.545	16.212.819
Cash capital increase (net)		0	159.837.660
Cash flows from financing activities		**4.944.113**	**133.078.010**
Change in cash and cash equivalents		**-69.159.417**	**118.433.193**
Cash and cash equivalents at 1 October 2020		129.278.774	10.845.581
Cash and cash equivalents at 30 September 2021		**60.119.357**	**129.278.774**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		60.119.357	129.278.774
Cash and cash equivalents at 30 September 2021		**60.119.357**	**129.278.774**

Notes to the Financial Statements

		Group		Parent Company	
		2020/21	2019/20	2020/21	2019/20
		DKK	DKK	DKK	DKK
1	**Staff expenses**				
	Wages and salaries	76.763.855	27.410.339	67.411.149	27.410.339
	Pensions	5.179.042	2.973.635	4.359.503	2.973.635
	Other social security expenses	1.120.170	244.710	1.063.087	244.710
	Other staff expenses	2.460.114	1.144.115	2.458.473	1.144.115
		85.523.181	**31.772.799**	**75.292.212**	**31.772.799**
	Average number of employees	**128**	**40**	**102**	**40**

According to The Danish Financial Statements Act §98 B section 3. Directors' remuneration has not been disclosed for 19/20, but will be presented for 20/21. The directors remuneration in 20/21 were TDKK 5,193.

		Group 2020/21 DKK	Group 2019/20 DKK	Parent Company 2020/21 DKK	Parent Company 2019/20 DKK
2	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	5.032.523	3.921.790	5.032.523	3.921.790
	Depreciation of property, plant and equipment	5.267.005	2.992.663	5.259.044	2.992.663
		10.299.528	**6.914.453**	**10.291.567**	**6.914.453**
3	**Financial income**				
	Interest received from group enterprises	0	0	151.637	0
	Other financial income	144	214	144	214
		144	**214**	**151.781**	**214**
4	**Financial expenses**				
	Interest paid to group enterprises	0	2.896.222	0	2.896.222
	Other financial expenses	2.894.871	2.059.524	2.818.958	2.059.524
	Exchange adjustments, expenses	66.949	0	0	0
		2.961.820	**4.955.746**	**2.818.958**	**4.955.746**

Notes to the Financial Statements

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
	DKK	DKK	DKK	DKK

5 Tax on profit/loss for the year

Current tax for the year	-7.373.316	0	-7.379.676	0
Deferred tax for the year	-915.318	-4.057.443	-915.318	-4.057.443
Adjustment of current tax concerning previous year	-960.124	0	-960.124	0
	-9.248.758	**-4.057.443**	**-9.255.118**	**-4.057.443**

6 Intangible assets

Group

	Completed development projects	Acquired patents	Goodwill
	DKK	DKK	DKK
Cost at 1 October 2020	67.083.427	606.481	3.596.167
Additions for the year	12.448.123	0	0
Cost at 30 September 2021	79.531.550	606.481	3.596.167
Impairment losses and amortisation at 1 October 2020	39.773.688	519.968	3.121.912
Amortisation for the year	4.530.347	27.921	474.255
Impairment losses and amortisation at 30 September 2021	44.304.035	547.889	3.596.167
Carrying amount at 30 September 2021	**35.227.515**	**58.592**	**0**

Notes to the Financial Statements

Parent Company

	Completed development projects	Acquired patents	Goodwill
	DKK	DKK	DKK
Cost at 1 October 2020	67.083.427	606.481	3.596.167
Additions for the year	12.448.123	0	0
Cost at 30 September 2021	79.531.550	606.481	3.596.167
Impairment losses and amortisation at 1 October 2020	39.773.688	519.968	3.121.912
Amortisation for the year	4.530.347	27.921	474.255
Impairment losses and amortisation at 30 September 2021	44.304.035	547.889	3.596.167
Carrying amount at 30 September 2021	**35.227.515**	**58.592**	**0**

Notes to the Financial Statements

7 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 October 2020	29.339.240	1.528.979	30.868.219
Additions for the year	17.208.837	117.205	17.326.042
Cost at 30 September 2021	46.548.077	1.646.184	48.194.261
Impairment losses and depreciation at 1 October 2020	10.216.419	844.404	11.060.823
Depreciation for the year	5.119.816	125.899	5.245.715
Impairment losses and depreciation at 30 September 2021	15.336.235	970.303	16.306.538
Carrying amount at 30 September 2021	**31.211.842**	**675.881**	**31.887.723**
Including assets under finance leases amounting to	16.666.980	0	16.666.980

Parent Company

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 October 2020	29.339.240	1.528.979	30.868.219
Additions for the year	17.110.075	117.205	17.227.280
Cost at 30 September 2021	46.449.315	1.646.184	48.095.499
Impairment losses and depreciation at 1 October 2020	10.216.419	844.404	11.060.823
Depreciation for the year	5.111.666	125.899	5.237.565
Impairment losses and depreciation at 30 September 2021	15.328.085	970.303	16.298.388
Carrying amount at 30 September 2021	**31.121.230**	**675.881**	**31.797.111**
Including assets under finance leases amounting to	16.666.980	0	16.666.980

Notes to the Financial Statements

	Parent Company	
	2020/21	2019/20
	DKK	DKK
8 Investments in subsidiaries		
Cost at 1 October 2020	0	0
Additions for the year	6.308	0
Cost at 30 September 2021	6.308	0
Value adjustments at 1 October 2020	0	0
Net profit/loss for the year	-35.345	0
Value adjustments at 30 September 2021	-35.345	0
Equity investments with negative net asset value amortised over receivables	29.037	0
Carrying amount at 30 September 2021	**0**	**0**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
KEEPIT USA. Inc.	1209 Orange Street, Wilmington, DE 19801	USD 1,000	100%

Notes to the Financial Statements

9 Other fixed asset investments

	Group	Parent Company
	Deposits	Deposits
	DKK	DKK
Cost at 1 October 2020	160.478	160.478
Additions for the year	1.183.903	1.006.104
Cost at 30 September 2021	1.344.381	1.166.582
Revaluations at 1 October 2020	0	0
Revaluations at 30 September 2021	0	0
Impairment losses at 1 October 2020	0	0
Impairment losses at 30 September 2021	0	0
Carrying amount at 30 September 2021	**1.344.381**	**1.166.582**

10 Distribution of profit

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
	DKK	DKK	DKK	DKK
Other statutory reserves	9.709.536	6.486.641	9.709.536	6.486.641
Retained earnings	-61.721.563	-20.578.825	-61.721.563	-20.578.825
	-52.012.027	**-14.092.184**	**-52.012.027**	**-14.092.184**

Notes to the Financial Statements

11 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
	DKK	DKK	DKK	DKK
Credit institutions				
Between 1 and 5 years	11.086.493	14.462.892	11.086.493	14.462.892
Long-term part	11.086.493	14.462.892	11.086.493	14.462.892
Within 1 year	3.222.167	0	3.222.167	0
	14.308.660	**14.462.892**	**14.308.660**	**14.462.892**
Lease obligations				
Between 1 and 5 years	4.097.422	8.619.974	4.097.422	8.619.974
Long-term part	4.097.422	8.619.974	4.097.422	8.619.974
Within 1 year	15.302.999	5.338.441	15.302.999	5.338.441
	19.400.421	**13.958.415**	**19.400.421**	**13.958.415**
Deferred income				
Between 1 and 5 years	1.409.864	434.659	1.409.864	434.659
Long-term part	1.409.864	434.659	1.409.864	434.659
Within 1 year	25.657.249	17.051.205	24.924.527	17.051.205
	27.067.113	**17.485.864**	**26.334.391**	**17.485.864**

Notes to the Financial Statements

	Group	
	2020/21	2019/20
	DKK	DKK
12 Cash flow statement - adjustments		
Financial income	-144	-214
Financial expenses	2.961.820	4.955.746
Depreciation, amortisation and impairment losses, including losses and gains on sales	10.299.528	6.914.453
Tax on profit/loss for the year	-9.248.758	-4.057.443
Other adjustments	-5.793	0
	4.006.653	**7.812.542**

13 Cash flow statement - change in working capital

Change in receivables etc.	-9.807.442	-3.908.838
Change in trade payables, etc.	16.445.126	14.809.543
	6.637.684	**10.900.705**

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
	DKK	DKK	DKK	DKK
14 Contingent assets, liabilities and other financial obligations				
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	3.092.692	1.282.126	2.786.516	1.282.126
	3.092.692	**1.282.126**	**2.786.516**	**1.282.126**
Other contingent liabilities				
Warranty provision	893.438	0	893.438	0

The parent company is jointly and severally liable for tax on the jointly taxed incomes of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Tristate Holding ApS, which is the management company for the joint taxation purposes. Moreover, the parent company is jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Group's liability.

Notes to the Financial Statements

15 Accounting Policies

The Annual Report of Keepit A/S for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements for 2020/21 are presented in DKK.

Changes in accounting policies

The Parent Company Keepit A/S has established a group structure with subsidiaries and therefore group consolidated financial statements has to be prepared from 2020/21 and moving forward. Since the group Companies was established during 2020/21, the comparison figures for 2019/20 only consists of the Parent Company's numbers.

During 20/21 the Parent Company Keepit A/S, has selected to show the payroll expenses to their external developers in Ukraine as "Other external expenses". This has no effect on the results in the income statement and are only for presentation purposes. The comparative figures for 19/20 have been restated.

During 20/21 the method for calculating and presenting the split between the short and long term part of deferred revenue, was changed to better reflect a true and fair outlook of the financial statement. This has no effect on the income statement and are only for presentation purposes. The comparative figures for 19/20 have been restated.

Recognition and measurement

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.

Notes to the Financial Statements

15 Accounting Policies (continued)

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Hosting and other transmission expenses

Hosting and other transmission expenses comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Notes to the Financial Statements

15 Accounting Policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Development projects, patents and licences

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the Group can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 10 years.

Patents and licences are measured at cost less accumulated amortisation and less any accumulated im-

Notes to the Financial Statements

15 Accounting Policies (continued)

pairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is 10 years. Software licences are amortised over the period of the agreement, which is 10 years.

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 7 years. determined on the basis of Management's experience with the individual business areas.

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.In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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:

Property, plant and equipment	3-6 years
Leasehold improvements	7 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Right-of-use assets

Rights-of-use assets and lease liabilities have been recognized for those leases previously classified as operating leases, except for short-term leases and leases of low value assets. The rights-of-use assets have been recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate.

Recognition exemptions and practical expedients applied:
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains option to extend or

15 **Accounting Policies** (continued)

terminate.
- Exempted short-term lease contracts with a remaining duration of 12 months or less as at September 30th 2021.

For contracts which are, or contain, a lease, Keepit recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method over the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted using Keepit's incremental borrowing rate.

The lease liability is measured using the effective interest method. It is remeasured when there is a change in future lease payments, typically due to a change in index or rate (e.g. inflation) on property leases, or if there is a reassessment of whether an extension or termination option will be exercised. A corresponding adjustment is made to the right-of-use asset, or in the income statement when the right-of-use asset has been fully depreciated.

The right-of-use asset is presented in Property, Plant and Equipment and the lease liabilities in non-current liabilities or current liabilities.

Lease contracts that have a lease term of less than 12 months and low value assets are not recognized on the balance sheet. These lease payments are expensed on a straight-line basis over the lease term.

Impairment of fixed assets

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

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

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with

Notes to the Financial Statements

15 Accounting Policies (continued)

addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

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, including the tax base of tax loss carry-forwards, 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

Notes to the Financial Statements

15 Accounting Policies (continued)

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.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other 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.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Notes to the Financial Statements

15 Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand” and ”Current asset investments”. ”Current asset investments” consist of short-term securities with an insignificant risk of value changes that can readily be turned into cash.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$