

**Registered number**  
**08466946**

**Datto Europe Limited**  
**Annual Report and Financial Statements**  
**for the Year Ended 31 December 2021**

**Datto Europe Limited Consolidated  
Report and Financial Statements  
Contents**

Officers and professional advisers	1
Strategic Report	2 - 4
Directors Report	5 - 6
Statement of Directors' Responsibilities	7
Independent auditor's report	8 - 10
Income statement	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Notes to the financial statements	14 - 25

**Datto Europe Limited**

**Company information**

**31 December 2021**

**Officers and professional advisors**

**Directors**

S. Tofigh

K. Wagner

**Registered number**

08466946

**Registered office**

Datto Europe Limited

C/o Corporation Service Company (Uk) Limited

5 Churchill Place

London

E14 5HU

United Kingdom

**Auditors**

Ernst & Young LLP

R+ Building

2 Blagrove Street

Reading

RG1 1AZ

United Kingdom

**Bankers**

JP Morgan

25 Bank Street

London

E14 5JP

United Kingdom

HSBC

8 Canada Square

London

E14 5HQ

United Kingdom

**Solicitors**

Corporation Service Company (Uk) Limited

5 Churchill Place

London

E14 5HU

United Kingdom

**Company Secretary**

Corporation Service Company (UK) Limited

5 Churchill Place

London

E14 5HU

United Kingdom

**Datto Europe Limited**  
**Strategic Report**

The Directors present the strategic report for the year ended 31 December 2021.

**Principal activities**

The company provides a suite of technology solutions sold as recurring subscriptions to support the business continuity and disaster recovery, software-as-a-service (SaaS) application backup, networking, and file sharing requirements of small and medium sized businesses (SMB). The company's solutions are primarily sold through information technology managed service providers (MSPs) who incorporate Datto products into the managed services they in turn, sell to their SMB customers (the "end users"). The company typically has no contractual relationship with the end users. By selling through this MSP channel Datto is able to cost-effectively scale the reach of its solutions, and support the global requirements of SMBs without a direct-to-SMB sales model. In addition, the company sells business management software solutions directly to MSPs to help them efficiently manage their own businesses. Datto Inc. provides the supply chain of engineering equipment and infrastructure support to the company and the company recharges Datto Inc. in accordance with the transfer pricing arrangement.

**Business Review**

Turnover this year was £41,090,000 (2020: £37,316,000) , gross profit £27,787,000 (2020: £26,266,000) and operating profit for the year was £4,462,000 (2020: £3,462,000). At the year end the company reported net assets of £18,229,000 (2020:£11,762,000).

Turnover has increased primarily due to higher service revenue following continued focus on the sale of integrated suite of services with enhanced products. The increased turnover flowed through to gross profit and operating profit partially offset by some higher costs as business activity rebounded following the end of the Covid-19 pandemic.

Key performance indicators	2021	2020	Year on year
	£'000	£'000	Variance
Turnover	41,090	37,316	10.1%
Gross profit margin	67.6%	70.4%	-2.8%
Net operating profit margin	10.9%	9.3%	1.6%

Revenue increased by 10.1% due to increased service revenue of £5,077,000 following enhanced business offerings offsetting decreased royalty revenue of £2,277,000 from Datto Inc. Both the service and royalty revenue movements mainly fell in the UK.

The gross profit margin at 67.6% has fallen by 2.8% from 2020 mainly due to the reduced royalty revenue which has a higher gross profit margin percentage.

The net operating profit margin has increased by 1.6% due to the increased revenue with some offset from higher administrative costs as activity has rebounded following the end of the Covid-19 pandemic.

**Datto Europe Limited**  
**Strategic Report (continued)**

**Results and dividends**

The results of the Company are set out on page 11 of the financial statements. The directors do not recommend the payment of a dividend (2020: nil).

**Financial risk management objectives and policies**

The company uses various financial instruments including intra-group borrowings, cash and various items such as trade creditors and trade debtors, that arise directly from its operations. The main purpose of these financial instruments is to minimise working capital needs of the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks. The main risks arising from the company's financial instruments are currency risk and credit risk.

**Principal risks and uncertainties**

The main risk facing the company is the failure to successfully promote its products which would lead to potential reductions in sales revenues and net profits. In addition, the directors consider the risks relating to interest rates and foreign currency to be significant. These are detailed below.

**Currency risk**

The company generates revenue from hardware and software and related services and sells in a number of currencies including US Dollars, and Euros and consequently is exposed to currency fluctuations. The various currencies act as a natural hedge which serves to mitigate these risks.

**Credit risk**

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The principal credit risk therefore arises from its trade debtors which is managed through a diversified customer base such that no one customer represents a significant proportion of the company's trade. The amounts presented in the Statement of Financial Position are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

**Liquidity risk and Cashflow**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. To do this the company has access to financing from its ultimate holding company in order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments.

**Datto Europe Limited**  
**Strategic Report (Continued)**

**Competitor and Price Risk**

The company operates in a competitive market place and as such is exposed to competitor risk and price risk but the risks are considered to be low. The company maintains good relationships with existing customers and it invests substantially in research and development and innovation to ensure we can continue to meet the customers ever changing needs and requirements.

**Matters covered in the Directors Report**

Matters relating to the environment are covered in the directors report.

**Section 172 (1) statement**

The company directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider would be most likely to promote the success of the company for the benefit of its members as a whole. They consider the impact that any material decision will have on all relevant stakeholders to ensure that it is making a decision that promotes the long-term success of the company. The directors are members of the Global Leadership Team which is collectively responsible for ensuring that the company's operations are aligned to our internal values and to focus on the short and long term strategically important decisions of the company. This includes how the company will act fairly and engage with all key stakeholders.

Approved by the board and signed on its behalf by:

K. Wagner  
Director

**Datto Europe Limited**  
**Director's Report**

The Directors present their report for the year ended 31 December 2021.

**Directors**

Directors who served during the year, and up to the date of signing these financial statements, were as follows:

B. D'Amore (appointed 21 April 2023; resigned 22 September 2023)  
E. D'Ambrose (appointed 23 June 2022; resigned 1 March 2023)  
S. Tofigh (appointed 21 April 2023)  
K. Wagner (appointed 23 June 2022)  
M.G. Fass (resigned 27 January 2022)  
T. Weller (resigned 23 June 2022)

**Auditors**

The current auditors, Ernst & Young LLP, are not expected to seek re-appointment at the forthcoming annual general meeting. Adler Shine are expected to be appointed in their stead.

**Going Concern**

The Company is dependent upon its ultimate parent company, Kaseya Holdings Inc, for cash resources via the group's central treasury function which manages the Company's cash resources. In view of this, the Directors have obtained a parental letter of support from Kaseya Holdings Inc, in which Kaseya Holdings Inc confirms that they will make funds available to the Company to enable it to meet its liabilities as they fall due, to the extent that the money is not otherwise available to the Company up to 31 December 2024 which is a period of at least 12 months from when the financial statements are authorised for issue.

After reviewing the profitability, cashflows, liquidity and the operational ability of the ultimate parent company to continue as a going concern up to 31 December 2024 and making due enquiries, considering the access to funds including undrawn committed loan facilities, potential downside scenarios, and strength of the ultimate parent undertaking, Kaseya Holdings Inc. who have provided a letter of support, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation during the going concern assessment period of 12 months from approval of the financial statements. Accordingly, the directors have prepared the financial statements on a going concern basis.

**Disclosure of information to the auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

**Datto Europe Limited**  
**Director's Report (Continued)**

**Environmental matters**

The company's policy with regard to the environment is to ensure that we understand and effectively manage the actual and potential environmental impact of our activities. Our operations are conducted such that we comply with all legal requirements relating to the environment in all areas where we carry out our business. During the period covered by this report the company has not incurred any fines or penalties or been investigated for any breach of environmental regulations

The most carbon intensive area of our activity is the operation of Data Centres which are fundamental to the business.

	2021	2020
Energy consumption - MWh	3,105	2,268
Greenhouse gas emissions (GHG) - Tonnes CO2	725	640
Intensity ratio - Emissions per £m Turnover (excluding Royalty)	26.2	29.6

Energy consumption and GHG emissions are calculated in compliance with the Streamlined Energy and Carbon Reporting ("SECR") legislation for large unquoted companies.

**Future developments**

The directors plan to grow the business organically, through continued product investment, marketing and through strategic acquisitions

**Directors' Liabilities**

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

**Political contributions**

The company has not made any political contributions in the year (2020: £Nil)

**Subsequent Events**

Subsequent to year end Kaseya Holdings Inc., the premier provider of unified IT and security management software for managed service providers (MSPs) and mid-market enterprises (MMEs), completed its acquisition on 23 June 2022 of Datto Holding Corp ("DHC") which ultimately controlled the company.

With the completion of the transaction, DHC's stock ceased trading on the New York Stock Exchange and is no longer listed on any public market. Kaseya's acquisition of DHC strengthens its IT Complete platform with an enhanced array of best-in-class solutions to help increase MSP efficiency and profitability. DHC will continue to operate as an autonomous brand from Norwalk, Connecticut, USA and other locations, with Kaseya's official global headquarters in Miami, Florida, USA.

Signed on behalf of the board of directors of Datto Europe Limited on 12/14/2023

Katherine Wagner  
Director



**Datto Europe Limited****Statement of Director's Responsibilities**

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with FRS102 (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Independent Auditor's Report to the Members of  
Datto Europe Limited**

**Opinion**

We have audited the financial statements of Datto Europe Limited for the year ended 31 December 2021 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2024 which is a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

**Independent Auditor's Report to the Members of  
Datto Europe Limited (continued)**

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have 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 (UK) 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.

*Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (Financial Reporting Standard 102 and The Companies Act 2006) and compliance with the relevant direct and indirect tax regulations in the United Kingdom. In addition, the Company has to comply with operational and employment laws and regulations, including health and safety regulations, and GDPR.
- We understood how Datto Europe Limited is complying with those frameworks by making enquiries of senior finance personnel and those charged with governance and gaining an understanding of the entity level controls of the company in respect of these areas and the controls in place to reduce the opportunities for fraudulent transactions.

**Independent Auditor's Report to the Members of  
Datto Europe Limited (continued)**

**Auditor's responsibilities for the audit of the financial statements (continued)**

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations and to respond to the assessed risks. Our procedures included verifying material transactions are recorded in compliance with Financial Reporting Standard 102 and where appropriate Companies Act 2006. Compliance with other operational laws and regulations was covered through inquiry with management and the Directors, reading board minutes and correspondence with relevant authorities.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through internal team discussions and enquiry of management and those charged with governance. We considered the procedures and controls that the company has established to address the risks identified, or that otherwise prevent, deter and detect fraud and gained an understanding as to how those procedures and controls are implemented and monitored. We focused the risk of management override on the posting of non-standard manual journals to increase revenue and the risk that the manual spreadsheet used to maintain and calculate service revenue could be manipulated to accelerate the recognition of service revenue. In relation to management override to the posting of non-standard manual journals, we used data analytics to sample from the entire population of journals, identifying specific transactions which did not meet our expectations based on specific criteria, which we investigated further to gain an understanding and agree to source documentation. With respect to the risk of manipulation of the manual spreadsheet supporting the service revenue we recalculated the revenue release for the year per the spreadsheet and agreed to the revenue recognised in the general ledger. A representative sample from the spreadsheet was selected to validate the inputs to the spreadsheet by reference to invoices raised, contracts and other information supporting the existence of the service arrangement and when the arrangement commenced.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Evangelos Gkirtsos (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Reading  
Date 15th December 2023

**Datto Europe Limited**  
**Income statement**  
**for the year ended 31 December 2021**

	<b>Notes</b>	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
<b>Turnover</b>	3	41,090	37,316
Cost of sales		(13,303)	(11,050)
<b>Gross profit</b>		<u>27,787</u>	<u>26,266</u>
Administrative expenses		(23,325)	(22,804)
<b>Operating profit</b>	4	<u>4,462</u>	<u>3,462</u>
Other operating income	7	62	3,413
Other operating expense	7	(83)	-
Net other operating income/(expense)	7	<u>(21)</u>	<u>3,413</u>
Interest receivable and similar income	8	182	210
Interest payable and similar charges	8	(191)	(767)
Net interest expense	8	(9)	(557)
<b>Profit on ordinary activities before taxation</b>		<u>4,432</u>	<u>6,318</u>
Tax credit/(charge) on profit on ordinary activities	9	184	371
<b>Profit for the financial year</b>		<u>4,616</u>	<u>6,689</u>
		<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
<b>Statement of Comprehensive income</b>			
Profit for the financial year		4,616	6,689
Other comprehensive income		-	-
<b>Total comprehensive Income</b>		<u>4,616</u>	<u>6,689</u>

**Datto Europe Limited**  
**Statement of Financial Position**  
**as at 31 December 2021**

	Notes	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Tangible assets	10	6,056	4,798
Investments	11	88	88
		<u>6,144</u>	<u>4,886</u>
<b>Current assets</b>			
Stocks	12	403	425
Debtors	13	4,895	11,221
Cash at bank and in hand		15,414	10,272
		<u>20,712</u>	<u>21,918</u>
<b>Creditors: amounts falling due within one year</b>	14	(8,098)	(14,475)
<b>Net current assets/ (liabilities)</b>		<u>12,614</u>	<u>7,443</u>
<b>Total assets less current liabilities</b>		<u>18,758</u>	<u>12,329</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(121)	(109)
<b>Provisions for liabilities and charges</b>	16	(408)	(458)
<b>Net assets</b>		<u>18,229</u>	<u>11,762</u>
<b>Capital and reserves</b>			
Share Capital	17	955	955
Share option reserve		4,378	2,527
Profit and loss account		12,896	8,280
<b>Shareholders' funds</b>		<u>18,229</u>	<u>11,762</u>

These financial statements were approved by the Board of Directors on 14th of December 2023.

Signed on behalf of the board of directors of Datto Europe Limited, company number 3466946 registered in England.

K. Wagner  
Director

**Datto Europe Limited**  
**Statement of Changes in Equity**  
**for the year ended 31 December 2021**

	<b>Share Capital £'000</b>	<b>Share option reserve £'000</b>	<b>Profit and Loss £'000</b>	<b>Total £'000</b>
<b>Balance at 1 January 2020</b>	955	784	1,591	3,330
<b>Year ended 31 December 2020:</b>				
Profit for the year	-	-	6,689	6,689
Share based payments	-	1,743	-	1,743
<b>Balance at 31 December 2020</b>	955	2,527	8,280	11,762
<b>Year ended 31 December 2021:</b>				
Profit for the year	-	-	4,616	4,616
Share based payments	-	1,851	-	1,851
<b>Balance at 31 December 2021</b>	955	4,378	12,896	18,229

**Datto Europe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2021**

**1 General Information**

**Statement of compliance**

Datto Europe Limited (the Company) is a company limited by shares domiciled and incorporated in England and Wales. The registered office is Five Churchill Place, London, E14 5HU.

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 December 2021.

**2 Accounting policies**

**Basis of preparation**

The financial statements have been prepared on a going concern basis in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements have been prepared in GBP, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £, except where otherwise stated. The financial statements have been prepared under the historical cost convention.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group. The Company's ultimate parent, Datto Holding Corp includes the Company in its consolidated financial statements. The consolidated financial statements of Datto Holding Corp are prepared in accordance with US GAAP as adopted in the US, are available to the public and can be obtained as set out in Note 22.

The company meets the definition of the qualifying entity under FRS102 and has taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to:

- Exemption from FRS 102 17(d) and section 7 to prepare a cash flow statement;
- Exemption from FRS 102 33.7 from disclosure of transactions with key personnel;
- Exemption from FRS 102 33.1A from disclosure of transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;
- Exemption from FRS 102 26.18(b), 26.19 to 26.21 and 26.23 from disclosure of share-based payments;
- Exemption from FRS 102 section 11 paragraphs 11.39 to 11.48A and section 12 paragraphs 12.26 to 12.29 from disclosure of financial instruments.

**Going concern**

The Company is dependent upon its ultimate parent company, Kaseya Holdings Inc, for cash resources via the group's central treasury function which manages the Company's cash resources. In view of this, the Directors have obtained a parental letter of support from Kaseya Holdings Inc, in which Kaseya Holdings Inc confirms that they will make funds available to the Company to enable it to meet its liabilities as they fall due, to the extent that the money is not otherwise available to the Company up to 31 December 2024 which is a period of at least 12 months from when the financial statements are authorised for issue.

After reviewing the profitability, cashflows, liquidity and the operational ability of the ultimate parent company to continue as a going concern up to 31 December 2024 and making due enquiries, considering the access to funds including undrawn committed loan facilities, potential downside scenarios, and strength of the ultimate parent undertaking, Kaseya Holdings Inc. who have provided a letter of support, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation during the going concern assessment period of 12 months from approval of the financial statements. Accordingly, the directors have prepared the financial statements on a going concern basis.

**Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	Over the Term
Fixtures and fittings	20% per annum on cost
Computer and office equipment	33.3% per annum on cost
Motor Vehicles	20% per annum on cost



**Datto Europe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2021**

**2 Accounting policies (Continued)**

***Investments***

Investments are stated at cost less impairment. Investments are reviewed on an annual basis by management to ensure that no diminution in value has occurred to assess whether any diminution in value has occurred and the appropriate impairment made.

***Cash and cash equivalents***

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

***Stock***

Stocks are stated at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Cost represents materials, freight and duty, and net realisable value is based on selling prices less anticipated costs to completion and selling costs. Provision is made for obsolete, slow-moving or defective items where appropriate.

***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognized when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realize the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rate that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognized in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognized only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

***Provisions***

A provision is recognised in the statement of financial position when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, the provision is determined by discounting the expected future cash flow that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

***Operating lease commitments***

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

***Foreign currencies***

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the income statement.

***Post-retirement benefits***

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the income statement as they become payable in accordance with the rules of the scheme.

**2 Accounting policies (Continued)**

***Financial instruments***

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. When shares are issued, any component that creates a financial liability of the company is presented as a liability in the statement of financial position; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are included in interest expense in the income statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature. The remainder of the proceeds on issue is allocated to the equity component and included in shareholder's funds, net of transaction costs. The carrying amount of the equity component is not re-measured in subsequent years. Transaction costs are apportioned between the liability and equity components of the shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

***Employee benefits***

Short term employee benefits, other non-monetary benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

***Share based payments***

We measure and recognise stock-based compensation expense based on the grant date fair value of the awards over the requisite service period. Our intent is to grant stock options with an exercise price equal to or greater than the fair value of the Datto Holding Corp common stock on the date of grant. The fair value of the stock options has been determined using the Black Scholes option pricing model, which requires the input of several variables and subjective assumptions, including (i) the fair value of the underlying common stock, (ii) the expected stock price volatility, (iii) the expected term of the award, (iv) the risk free interest rate, (v) the exercise price, and (vi) expected dividends. The movement in cumulative expense since the previous statement of financial position date is recognised in the income statement with a corresponding entry in reserves.

***Impairment of non-financial assets***

The entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. If there is no indication of impairment, it is not necessary to estimate the recoverable amount.

***Turnover***

Turnover is stated net of VAT and trade discounts. Turnover includes royalty revenue derived from Datto Inc with elements based on sales of licensed product and transfer pricing agreements. Revenue is recognised in the period in which the underlying sales and costs are recognised and once the values are approved by Datto Inc.

The Company derives its third party revenue primarily from service contracts to use its technology, support and cloud services, and sales of hardware-based backup and disaster recovery devices. Revenue from service contracts is recognised ratably over the contract period. Shipping and handling charges to customers are included in revenue. Shipping and handling costs incurred by the Company are included cost of sales.

Revenue arrangements with multiple deliverables are divided into separate units of accounting if each deliverable has standalone value to the customer. The majority of the Company's revenue arrangements consist of multiple-element arrangements, with revenue for each unit of accounting recognised as the hardware or service is delivered to the customer.

The Company primarily sells products through the MSP market and, to a lesser extent, directly to end users. The determination of gross or net revenue recognition is reviewed on a product by product basis and is dependent on whether the Company acts as principal or agent in the transaction. Revenue associated with certain product lines is recorded on a gross basis as the Company has determined it is the primary obligator in the contractual arrangements with end customers.

Certain hardware sales allow for the MSP to upgrade, on a one-time only basis, certain equipment purchased within three years of the initial purchase by returning their equipment and receiving a credit for the original equipment against the purchase of new equipment that has a higher monthly service price. The Company has reviewed the historical returns associated with this upgrade policy and has deferred a portion of the revenue for equipment sold with the upgrade right based on past experience and the estimated selling price of the equipment sold. The Company periodically reviews the adequacy of its upgrade reserve and adjusts the balance as necessary. These amounts are deferred until the upgrade period expires or the MSP upgrades the product.

Deferred revenue also represents amounts invoiced or collected in advance of revenue recognition. Deferred revenue consists of unearned service contract revenue and hardware devices where payment has been made, but the device has either not shipped, or is still in transit, at the end of the period. The Company typically invoices its customers monthly or on an annual basis

**2 Accounting policies (Continued)**

***Turnover (continued)***

The Company considers the four basic revenue recognition criteria for each of the elements as follows:

i) Persuasive evidence of an arrangement with the MSP.

The Company's customary practice is to require a purchase order from its partner (MSP).

ii) Delivery or performance has occurred.

The Company's Hardware has been delivered to the MSP. Once the product has been activated by the partner the maintenance and end user support revenue is recognised rateably over the term of the user support agreement.

iii) Vendor's fee is fixed or determinable.

The fee our partner pays for the hardware, maintenance and end user support is negotiated prior to delivery of the product. This fee is therefore considered to be fixed or determinable at the time of sale.

iv) Collection is probable.

Probability of collection is assessed on a MSP-by-MSP basis. Either payment is required up front for an order or they are signed up to a Direct Debit in which we have control of funds coming in. If the Company determines from the outset that collection is not probable based upon the review process, revenue is initially recognised in accordance with the above revenue recognition criteria but then reversed through the creation of a reserve.

***Judgements in applying accounting policies and key sources of estimation uncertainty***

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant items subject to estimates include upgrade reserve, allowance for doubtful accounts, share based payments and dilapidation provision.

The Company bases its estimates on historical experience and on various other assumptions that it believes are reasonable under the circumstances and does not believe actual results will be materially different.

**(a) Upgrade reserve :**

The upgrade reserve takes account of the hardware eligible for upgrade over the last 3 years and is based on revenue for the initial unit hardware price multiplied by the expected upgrade rate (estimated by management). The upgrade rate is calculated as units upgraded/upgradeable units sold. The rate used for the upgrade percentage for the year to 31 December 2021 was based on historic rates. At 31 December 2021 the amount of the upgrade reserve was £427,652 (2020: £667,281).

**(b) Allowance for doubtful accounts:**

The Company estimates its bad debt reserve based on a historical bad debt percentage of aged receivables. The historical bad debt percentage is applied to each bucket of aged receivables to calculate the reserve allowance. This amount is adjusted when the Company has particular knowledge regarding specific customer accounts, i.e. Timing of collections as well as unlikelihood of collections. At 31 December 2021 the amount of the bad debt reserve was £241,397 (2020: £362,421).

**Datto Europe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2021**

**2 Accounting policies (Continued)**

***Judgements in applying accounting policies and key sources of estimation uncertainty (continued)***

**(c) Share based payments**

The fair value of shares of Datto Holding Corp ("DHC") common stock underlying the stock options is determined using the Black-Scholes option-pricing model which requires the input of subjective assumptions, including (1) the fair value of common stock, (2) the expected stock price volatility, (3) the expected term of the award, (4) the risk-free interest rate and (5) expected dividends.

The assumptions for the Black-Scholes option-pricing model were estimated as follows:

- Fair value of common stock. Prior to the IPO (see Note 22) DHC common stock was not yet publicly traded. As such estimates were made by the board of directors with input from management and contemporaneous third-party valuations. For grants after the IPO, the fair value is based on the closing price of DHC common stock as reported on the last trading day prior to the grant date.
- Expected volatility. As a result of the lack of historical and implied volatility data of DHC common stock, the expected stock price volatility has been estimated based on the historical volatilities of a specified group of similar companies for a period equal to the expected life of the option.
- Expected term. The expected term is based on the average period the stock options are expected to remain outstanding using the simplified method, generally calculated as the midpoint of the stock options' vesting term and contractual expiration period, as there is insufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior.
- Risk-free rate. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero coupon U.S. Treasury notes with maturities approximately equal to the stock option's expected term.
- Expected dividend yield. The expected dividend yield used is zero, as DHC does not currently issue dividends, nor does it intend to do so in the future.

**(d) Dilapidation provision**

The dilapidation provision is made to provide for potential charges at the end of the lease period on rental properties. This provision requires management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

**3 Turnover**

Turnover represents the value, net of value added tax and discounts, of goods provided to customers and work carried out in

Analysis by geographical market:	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	40,826	36,842
Europe	264	465
Rest of World	-	9
	<u>41,090</u>	<u>37,316</u>
Analysis by Type:	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Hardware	2,112	1,138
Service	25,538	20,461
Royalty	13,440	15,717
	<u>41,090</u>	<u>37,316</u>

**4 Profit on ordinary activities before taxation**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
This is stated after charging:		
Depreciation of owned fixed assets	1,827	1,593
Loss on disposal of fixed assets	83	-
Staff costs (see note 6)	16,808	15,589
Net foreign exchange gains/(losses)	<u>62</u>	<u>197</u>

**Datto Europe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2021**

**4 Profit on ordinary activities before taxation (continued)**

**Auditors' remuneration**

The analysis of auditors remuneration is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Fees payable to the auditors for the audit of the annual accounts	51	76
	<u>51</u>	<u>76</u>

**5 Directors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Directors' emoluments	-	-
	<u>-</u>	<u>-</u>

During 2021 and 2020 the directors were paid by the parent company. Directorship of the Company is incidental to their main employment.

**6 Employees**

The average monthly number of employees (including directors) was:

	<b>2021</b>	<b>2020</b>
Business Development and Product Support	83	69
Administration and Finance	56	58
Sales and Marketing	68	81
	<u>207</u>	<u>208</u>

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
The aggregate remuneration comprised:		
Wages and salaries	14,567	13,334
Social security costs	2,203	2,195
Severance cost	38	60
	<u>16,808</u>	<u>15,589</u>

Included in wages and salaries is a total expense of share-based payments of £1,851,000 (2020: £1,785,000 ).

**7 Net other operating income/(expense)**

**a. Other operating income**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Gain on loan waiver	-	3,216
Foreign currency gains realised	62	197
	<u>62</u>	<u>3,413</u>

On 1 January 2019 Datto Europe Limited purchased the trade and net business assets of Autotask UK Ltd and ContraStage Ltd for consideration of £3,216,000 in the form of loans payable. On 22 September 2020 these loans were waived.

**Datto Europe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2021**

**7 Net other operating income/(expense) continued**

**b. Other operating expense**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Loss on disposal of fixed assets	83	-
	<u>83</u>	<u>-</u>

**c. Net other operating income/(expense)**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Other operating income	62	3,413
Other operating expense	(83)	-
<b>Net other operating income/(expense)</b>	<u>(21)</u>	<u>3,413</u>

**8 Net interest expense**

**a. Interest receivable and similar income**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable on loans to other Datto Inc group undertakings	182	210
	<u>182</u>	<u>210</u>

**b. Interest payable and similar charges**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable on loans with other Datto Inc group undertakings	(191)	(767)
	<u>(191)</u>	<u>(767)</u>

**c. Net interest expense**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable and similar income	182	210
Interest payable and similar charges	(191)	(767)
	<u>(9)</u>	<u>(557)</u>

**Datto Europe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2021**

**9 Tax Charge on profit on ordinary activities**

**a) Analysis of (credit)/charge in year**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax:</b>		
UK corporation tax at 19.00%	336	740
<b>Total current tax</b>	<u>336</u>	<u>740</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(520)	(1,111)
<b>Total deferred tax</b>	<u>(520)</u>	<u>(1,111)</u>
<b>Tax (credit)/charge on profit on ordinary activities</b>	<u>(184)</u>	<u>(371)</u>

**b) Factors affecting tax charge for the year**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Profit on ordinary activities before taxation</b>	<u>4,432</u>	<u>6,318</u>
Standard rate of corporation tax in the UK	19.00%	19.00%
	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0%.	842	1,200
Effects of:		
Income not chargeable for tax purposes	-	(611)
Expenses not deductible for tax purposes	45	185
Adjustments in respect of share options	(520)	(1,111)
Depreciation (lower than)/in excess of capital allowances	(551)	(34)
<b>Tax charge for year</b>	<u>(184)</u>	<u>(371)</u>

Total accumulated tax losses not recognised in the current year is £0 (2020: £0).

**c) Factors that may affect future tax charges**

In the March 2021 budget, it was announced that the corporation tax rate would increase from 19% to 25% in April 2023. The rate of corporation tax substantively enacted at the date of the statement of financial position was 19%. Accordingly, 19% has been applied when calculating the deferred tax asset as at 31 December 2021. The impact of recognising the deferred tax asset as at 31 December 2021 which is expected to reverse at 25% after April 2023 is expected to not be material to the financial statements.

**Datto Europe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2021**

**9 Tax Charge on profit on ordinary activities continued**

**d) Deferred tax**

The deferred tax included in the statement of financial position is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Timing differences related to share options	520	1,111
	<u>520</u>	<u>1,111</u>
Deferred tax asset at 1 January 2021		1,111
Deferred tax credited in the income statement for the year		520
Deferred tax asset at 31 December 2021		<u>1,631</u>

There is no unprovided deferred taxation at the end of either period. The deferred tax asset has been recognised in these financial statements as it is considered that there will be suitable future taxable profits against which the deferred tax asset will reverse.

**10 Tangible fixed assets**

	<b>Fixtures and fittings</b>	<b>Computers and office equipment</b>	<b>Leasehold improvements</b>	<b>Motor Vehicles</b>	<b>Total</b>
	<b>£000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>					
At 1 January 2021	248	7,207	1,166	16	8,637
Additions during the year	41	3,226	29	-	3,296
Disposals during the year	(174)	(359)	(331)	-	(864)
At 31 December 2021	<u>115</u>	<u>10,074</u>	<u>864</u>	<u>16</u>	<u>11,069</u>
<b>Depreciation</b>					
At 1 January 2021	204	2,717	910	8	3,839
Charge for the year	13	1,633	178	3	1,827
Disposals during the year	(148)	(180)	(325)	-	(653)
At 31 December 2021	<u>69</u>	<u>4,170</u>	<u>763</u>	<u>11</u>	<u>5,013</u>
<b>Net book value</b>					
At 31 December 2021	<u>46</u>	<u>5,904</u>	<u>101</u>	<u>5</u>	<u>6,056</u>
At 31 December 2020	<u>44</u>	<u>4,490</u>	<u>256</u>	<u>8</u>	<u>4,798</u>

Included within computers and office equipment are servers with gross cost of £8.8m (2020: £6.6m) and net book value of £5.6m (2020: £4.1 m).



**Datto Europe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2021**

**11 Fixed asset investments**

	<b>Investments other than loans £'000</b>
<b>Cost</b>	
At 1 January 2021	88
Additions during the year	-
At 31 December 2021	<u>88</u>
<b>Net book value</b>	
At 1 January 2021	88
At 31 December 2021	<u>88</u>

The company's investments in share capital at the balance sheet date consists of the following:

Name of Company	Registered		Class of shares:	Proportion of ownership Interest and voting power	
	Office	Nature of Business		(%)	
				2021	2020
Datto Singapore Pte.Ltd	80 Robinson Road #02- 00,Singapore 068898	Sale of business continuity solutions	Ordinary	100	100
Datto Netherlands BV	Barbara Strozzillaan 101, 9e verdieping, 1083 HN Amsterdam	Sale of business continuity solutions	Ordinary	100	100

**12 Stocks**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Raw materials	195	140
Work in progress	93	141
Finished goods and goods for resale	115	144
	<u>403</u>	<u>425</u>

There is no material difference between the year end value of stocks and their replacement cost.

**13 Debtors**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Trade debtors	1,214	1,084
Amounts owed by other Datto Inc group undertakings	190	7,075
Deferred tax asset	1,618	1,111
Other debtors	1,165	1,529
Prepayments and accrued income	708	422
	<u>4,895</u>	<u>11,221</u>

Amounts owed by other Datto Inc group undertakings fell during the year following simplification of balances among Datto Inc group undertakings.

**Datto Europe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2021**

**14 Creditors: amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	861	495
Amounts owed to other Datto Inc group undertakings	3,242	8,341
Other taxes and social security costs	1,414	3,386
Other creditors	197	-
Accruals and deferred revenue	2,384	2,253
	<u>8,098</u>	<u>14,475</u>

The amounts owed to other Datto Inc group undertakings are payable on demand and have an applicable interest rate of 4.40%. The balance fell during the year following simplification of balances among Datto Inc group undertakings.

**15 Creditors: amounts falling due after more than one year**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Deferred rent	-	-
Deferred revenue	121	109
	<u>121</u>	<u>109</u>

**16 Provisions for liabilities and charges**

	<b>£'000</b>
	<b>Dilapidation</b>
	<b>Provision</b>
Balance at 1 January 2021	458
Provision made during the year	25
Amounts utilised during the year	(75)
Balance at 31 December 2021	<u>408</u>

The utilisation of the provision during the year relates to the exiting of an office (Richmond £38,880) and the re-assessment of dilapidations on a remaining office (Reading £36,516)

**17 Share capital**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Shares</b>		
Authorised:		
955 198 (2017: 955 198) Ordinary shares of £1 each	<u>955</u>	<u>955</u>
Allotted, called up and fully paid:		
955,198 (2017: 955,198) Ordinary shares of £1 each	<u>955</u>	<u>955</u>

**Datto Europe Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2021**

**18 Lease commitments**

Non-cancellable operating lease rentals are payable as follows:

	2021	2020
	£'000	£'000
	Land & Buildings	Land & Buildings
Within 1 year	740	568
Within 2-5 years	1,645	2,135
After 5 years	-	44
	2,385	2,747
Recognised as an expense in the income statement	769	1,193

**19 Pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £445,627 (2020: £406,557). There were no outstanding contributions at the end of the year.

**20 Share based payments**

The company has two main share based payment plans being the Datto 2020 Omnibus Incentive Plan and the 2017 Stock Option Plan. Full disclosure of the terms of these plans is available in the annual report of the ultimate parent company.

The stock-based compensation expense for all equity arrangements recognised during the year to 31 December 2021 was £1,851,176 (2020: £1,784,936).

**21 Related parties**

The company has taken advantage of the exemption contained in FRS 102 Section 33 and has therefore not disclosed transactions with wholly owned group companies as 100% of the company's voting rights are controlled within the group headed by Datto Holding Corp ("DHC"), incorporated in the USA. The directors regard DHC as the immediate parent company and the ultimate controlling party and ultimate parent company.

**22 Ultimate Parent Undertaking and Controlling Party**

As at 31 December 2021 Datto Europe Limited was a subsidiary of Datto Inc, a Company incorporated in the USA . It was ultimately controlled by its US parent Company, Datto Holding Corp ("DHC") which listed a minority stake on the New York Stock Exchange on 21 October 2020. DHC was majority owned by the private equity group, Vista Equity Partners Management, LLC. The largest and smallest group of undertakings for which group financial statements were drawn up and of which the company was a member is DHC, which is incorporated in the USA. The group financial statements for DHC (Form 10-K) as at 31 December 2021 are publicly available at the U.S. Securities and Exchange Commission ([www.sec.gov](http://www.sec.gov))

Following the acquisition of DHC by Kaseya Holdings Inc. on 23 June 2022 the Company continues to be a subsidiary of Datto Inc, a Company incorporated in the USA. The ultimate parent company is now Kaseya Holdings Inc.

**23 Subsequent Events**

Subsequent to year end Kaseya Holdings Inc., the premier provider of unified IT and security management software for managed service providers (MSPs) and mid-market enterprises (MMEs), completed its acquisition on 23 June 2022 of Datto Holding Corp ("DHC") which ultimately controlled the company.

With the completion of the transaction, DHC's stock ceased trading on the New York Stock Exchange and is no longer listed on any public market. Kaseya's acquisition of DHC strengthens its IT Complete platform with an enhanced array of best-in-class solutions to help increase MSP efficiency and profitability. DHC will continue to operate as an autonomous brand from Norwalk, Connecticut, USA and other locations, with Kaseya's official global headquarters in Miami, Florida, USA. With the completion of the transaction, DHC's stock ceased trading on the New York Stock Exchange and is no longer listed on any public market.

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