

Orange Cyberdefense Denmark A/S

Roskildevej 522

2605 Brøndby

Business Registration No

29776555

Annual report 2024

The Annual General Meeting adopted the annual report on 25 June 2025

Chairman of the General Meeting

Name: Kaja Narum

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Entity details

Entity

Orange Cyberdefense Denmark A/S
Roskildevej 522
2605 Brøndby

Central Business Registration No (CVR): 29776555

Registered in: Brøndby

Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Kaja Narum, Chairman

Alessio Mattiuzzo

Mårten Carl Göran Toll Söderblom

Executive Board

Mårten Carl Göran Toll Söderblom, Chief Executive Officer

Auditors

KPMG P/S

Dampfærgevej 28

2100 Copenhagen

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Orange Cyberdefense Denmark A/S for the financial year 01.01.2024 - 31.12.2024.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position on 31.12.2024 and of the results of its operations and cash flows for the financial year 01.01.2024 - 31.12.2024.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 25 June 2025

Executive Board

Mårten Carl Göran Toll Söderblom

Board of Directors

Kaja Narum
Chairman

Alessio Mattiuzzo

Mårten Carl Göran Toll Söderblom

Independent auditor's report

To the shareholder of Orange Cyberdefense Denmark A/S

Opinion

We have audited the financial statements of Orange Cyberdefense Denmark A/S for the financial year 1 January – 31 December 2024 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets liabilities and financial position on 31 December 2024 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 Company in accordance with the International Ethics Standards Board of Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control, that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of financial statement users based on these financial statement 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 skepticism throughout the audit. We also

Independent auditor's report

- identify and assess the risks of material misstatement of the company 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 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 Company's ability to continue as a going concern. If we conclude that 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content 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.

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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statement does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed; we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in the Management's review.

Copenhagen, 25 June 2025

KPMG

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 25 57 81 98

Jesper Bo Pedersen

State Authorized Public Accountant

MNE no. mne42778

Management commentary

| | 2024 DKK'000 | 2023 DKK'000 | 2022 DKK'000 | 2021* DKK'000 | 2020* DKK'000 |
|--|-----------------|-----------------|-----------------|------------------|------------------|
| Financial highlights | | | | | |
| Key figures | | | | | |
| Revenue | 353.631 | 335.823 | 193.687 | 168.052 | 188.988 |
| Gross profit/loss | 60.619 | 53.808 | 42.294 | 40.614 | 40.935 |
| Operating profit/loss | 2.023 | (3.535) | (8.329) | (444) | 2.738 |
| Net financials | 704 | (732) | 431 | (179) | (3) |
| Profit/loss for the year | 2.091 | (3.365) | (6.172) | 503 | 2.095 |
| Total assets | 459.943 | 476.776 | 405.898 | 238.804 | 126.257 |
| Investments in property, plant and equipment | 558 | 328 | 292 | 360 | 94 |
| Equity | 11.196 | 9.106 | 12.472 | 2.643 | 15.108 |
| Employees | 52 | 53 | 53 | 42 | 37 |
| Cash Flows | | | | | |
| Net operating cash flow | (25.908) | 21.390 | (8.270) | 2.571 | (4.414) |
| Net investing cash flow | (564) | (404) | (256) | (360) | (106) |
| Net financing cash flows | 0 | 0 | 16.000 | 0 | 0 |
| Increase/decrease in cash and cash equivalent | (26.472) | 20.986 | 7.474 | 2.211 | (4.520) |
| Ratios | | | | | |
| Gross margin (%) | 17,1 | 16,0 | 22,0 | 24,2 | 21,7 |
| Net margin (%) | 0,6 | -1,0 | -4 | 0 | 1,1 |
| Return on equity (%) | 20,8 | -31,2 | -50,0 | 17,4 | 14,9 |
| Equity ratio (%) | 2,4 | 1,9 | 3,0 | 1,1 | 12 |

*) Key figures for the year 2019-2020 are not adjusted based on change in accounting principles performed in 2022.

According to legislation, Annual Accounts Act §128.4.

| Ratios | Calculation formula | Calculation formula reflects |
|----------------------|--|---|
| Gros margin (%) | $\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$ | The entity's operating gearing |
| Net margin (%) | $\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$ | The entity's operating profitability |
| Return on equity (%) | $\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$ | The entity's return on capital invested in the entity by the owners |
| Equity ratio (%) | $\frac{\text{Equity} \times 100}{\text{Total assets}}$ | The financial strength of the entity |

Management commentary

Primary activities

Main activities consist of re-selling cybersecurity products, delivery of Managed Security services and Consulting services.

Development in activities and finances

2024 was a positive year for Orange Cyberdefense Denmark in terms of revenues with a significant revenue growth versus previous year, 5%. This growth was primarily driven by an increased demand for our Managed Security Services and our Consulting Services.

Profit for 2024 is positive, attributed to the increase in our revenues and efficiencies.

Looking ahead, Orange Cyberdefense Denmark is optimistic about sustaining growth in 2025. We anticipate further improvements in operational profit, supported by the strategic initiatives and efficiencies implemented throughout 2024.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Risk and uncertainty factors.

The company expects strong growth in a growing market in Cybersecurity. The company's most significant risks and uncertainties are primarily related to business and financial risks.

Macro development

There is always a risk of changes in the economic situation which could affect the company, but the company's customer structure and offer are not considered to be particularly dependent on the economic situation.

Management commentary

Competition

The company is, together with its owner, part of a leading player in the Nordic market and is also part of a stable group which is a leader in the European market.

Depending on key persons and employees

The company is dependent on personnel and its competence, which is why the company's primary limited resources are personnel.

Orange Cyberdefense bases much of its success on and is dependent on the knowledge and experience of existing employees.

Orange Cyberdefense needs to be able to recruit new employees with high knowledge and experience and therefore invest significant resources in retaining and attracting new employees.

Interest rate risk

The company has no external interest-bearing debt.

Currency risk

The company's currency risk is linked to transactions in foreign currency.

Currency hedging takes place to limit risk exposure in financial assets.

Income statement 2024

| | <u>Notes</u> | <u>2024 DKK</u> | <u>2023 DKK</u> |
|--|--------------|---------------------|---------------------|
| Revenue | | 353.631.431 | 335.822.913 |
| Cost of sales | | (249.242.076) | (248.095.618) |
| Other external expenses | | (43.770.531) | (33.919.782) |
| Gross profit | | 60.618.824 | 53.807.513 |
| Staff costs | 2 | (58.260.165) | (57.055.398) |
| Depreciation, amortization and impairment losses | 3 | (336.159) | (287.303) |
| Operation profit | | 2.022.500 | (3.535.188) |
| Other financial income | 4 | 2.285.549 | 5.489.541 |
| Other financial expenses | 5 | (1.581.491) | (6.221.560) |
| Profit before tax | | 2.726.558 | (4.267.207) |
| Tax on profit for the year | 6 | (635.710) | 902.055 |
| Profit for the year | 7 | 2.090.848 | (3.365.152) |

Balance sheet at 31.12.2024

| | <u>Notes</u> | <u>2024 DKK</u> | <u>2023 DKK</u> |
|--|--------------|---------------------|---------------------|
| Other fixtures and fittings, tools and equipment | | 689.814 | 465.756 |
| Property, plant, and equipment | 8 | 689.814 | 465.756 |
| Deposits | | 310.405 | 306.715 |
| Deferred tax | 9 | 6.938.017 | 7.573.727 |
| Financial assets | | 7.248.422 | 7.880.442 |
| Fixed assets | | 7.938.236 | 8.346.198 |
| Trade receivables | | 125.742.580 | 110.654.433 |
| Finished goods for resale | | 4.089 | 525.855 |
| Prepayments | 10 | 299.699.734 | 315.366.686 |
| Receivables from group enterprise | | 12.387.263 | 53.813 |
| Other receivables | | 0 | 1.185.593 |
| Receivables | | 437.833.666 | 427.786.380 |
| Cash | | 14.171.422 | 40.643.584 |
| Current assets | | 452.005.088 | 468.429.964 |
| Assets | | 459.943.324 | 476.776.162 |

Balance sheet at 31.12.2024

| | Notes | 2024 DKK | 2023 DKK |
|---|-------------------|--------------------|--------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Contributed capital | 11 | 679.095 | 679.095 |
| Capital reserve incl. retained earnings | | 10.517.359 | 8.426.511 |
| Equity | | <u>11.196.454</u> | <u>9.105.606</u> |
| Prepayments received from customers | 12 | 165.236.795 | 199.071.990 |
| Other payables | | 3.484.027 | 3.264.994 |
| Non-current liabilities other than provisions | | <u>168.720.822</u> | <u>202.336.984</u> |
| Prepayments received from customers | 13 | 177.931.897 | 159.617.389 |
| Trade payables | | 54.245.622 | 97.013.191 |
| Income tax payables | | 1.003.466 | 1.003.466 |
| Other payables | | 46.845.063 | 7.699.526 |
| Current liabilities other than provisions | | <u>280.026.048</u> | <u>265.333.572</u> |
| Liabilities other than provisions | | <u>448.746.870</u> | <u>467.670.556</u> |
| Equity and liabilities | | <u>459.943.324</u> | <u>476.776.162</u> |

Statement of changes in equity for 2024

| | Contributed capital DKK | Retained earnings DKK | Total DKK |
|---------------------------------|--|--------------------------------------|----------------------|
| Equity at the beginning of year | 679.095 | 8.426.511 | 9.105.606 |
| Profit/loss for the year | 0 | 2.090.848 | 2.090.848 |
| Equity end of year | 679.095 | 10.517.359 | 11.196.454 |

Cash flow statement for 2024

| | <u>Notes</u> | <u>2024 DKK</u> | <u>2023 DKK</u> |
|---|--------------|--------------------------|--------------------------|
| Operation profit/loss | | 2.022.500 | (3.535.188) |
| Amortization, depreciation and impairment losses | | 336.159 | 287.303 |
| Working capital changes | 14 | (28.973.370) | 25.265.847 |
| Cash flow from ordinary operating activities | | <u>(26.614.711)</u> | <u>22.017.962</u> |
| Financial income received | | 2.285.549 | 5.489.541 |
| Financial expenses paid | | (1.581.491) | (6.221.560) |
| Income taxes refunded/paid | | 0 | 104.118 |
| Cash flow from operating activities | | <u>(25.910.653)</u> | <u>21.390.061</u> |
| Acquisition of property, plant and equipment | | (557.819) | (327.365) |
| Deposits | | (3.690) | (76.910) |
| Cash flows from investing activities | | <u>(561.509)</u> | <u>(404.275)</u> |
| Increase in cash and cash equivalents | | <u>(26.472.162)</u> | <u>20.985.786</u> |
| Cash and cash equivalents beginning of year | | 40.643.584 | 19.657.798 |
| Cash and cash equivalents end of year | | <u>14.171.422</u> | <u>40.643.584</u> |

Notes

1. Events after the balance sheet date

No events after the balance sheet date 2024.

| | 2024 DKK | 2023 DKK |
|-----------------------|---------------------|---------------------|
| 2. Staff costs | | |
| Wages and salaries | 54.282.039 | 53.355.161 |
| Pension costs | 2.842.690 | 2.472.989 |
| Other social costs | 1.135.436 | 1.227.248 |
| | 58.260.165 | 57.055.398 |

| | | |
|---|-----------|-----------|
| Number of employees at balance sheet date | 52 | 53 |
|---|-----------|-----------|

Information on management remuneration has been omitted in accordance with the exemption provision in the section. 98 b (1) of the Annual Accounts Act. No. 3. Board of Directors do not receive any remuneration. There is no Management fee and the work conducted by the board of Directors is limited in this company

| | 2024 DKK | 2023 DKK |
|--|---------------------|---------------------|
| 3. Depreciation, amortization and impairment losses | | |
| Depreciation of property, plant and equipment | 336.159 | 287.303 |
| | 336.159 | 287.303 |

| | 2024 DKK | 2023 DKK |
|------------------------------------|---------------------|---------------------|
| 4. Other financial income | | |
| Other interest incomes | 413.604 | 69.188 |
| Exchange rate adjustments | 1.871.945 | 5.010.966 |
| Adjustment of financial instrument | 0 | 409.388 |
| | 2.285.549 | 5.489.542 |

| | 2024 DKK | 2023 DKK |
|------------------------------------|---------------------|---------------------|
| 5. Other financial expenses | | |
| Other interest expenses | (222.061) | (531.338) |
| Exchange rate adjustments | (409.430) | (5.690.222) |
| Adjustment of financial instrument | (950.000) | 0 |
| | (1.581.491) | (6.221.560) |

Notes

| | 2024 DKK | 2023 DKK |
|---|---------------------|--|
| 6. Tax on profit/loss for the year | | |
| Change in deferred tax | (635.710) | (963.762) |
| Current tax | 0 | 61.707 |
| | (635.710) | (902.055) |
| | | |
| | 2024 DKK | 2023 DKK |
| 7. Proposed distribution of profit/loss | | |
| Retained earnings | 2.090.848 | (3.365.152) |
| | 2.090.848 | (3.365.152) |
| | | |
| | | Other fixtures and fittings, tools, and equipment |
| | 2024 DKK | 2023 DKK |
| 8. Property, plant and equipment | | |
| Cost beginning of year | 1.560.631 | 1.232.467 |
| Additions | 557.819 | 328.165 |
| Disposals | (788.083) | 0 |
| Cost end of year | 1.330.367 | 1.560.631 |
| | | |
| Depreciation and impairment losses beginning of year | (1.094.875) | (807.572) |
| Depreciation for the year | (336.159) | (287.304) |
| Amortization | 790.481 | 0 |
| Depreciation and impairment losses end of year | (640.553) | (1.094.875) |
| | | |
| Carrying amount end of year | 689.814 | 465.756 |

Notes

| | 2024 DKK | 2023 DKK |
|---|---------------------|---------------------|
| 9. Deferred tax | | |
| Property, plant and equipment | 121.731 | 4.025 |
| Equipment with increased depreciation balance | 69.572 | 69.572 |
| Accrued expenses | 6.746.713 | 7.500.130 |
| | 6.938.016 | 7.573.727 |

Deferred tax assets are expected to be used within 3-5 years based on budget. There is no material uncertainty about this estimate

Changes during the year

| | |
|------------------------------------|------------------|
| Beginning of year | 7.573.727 |
| Recognized in the income statement | 635.711 |
| End of year | 6.938.016 |

10. Prepayments

Prepayments comprise incurred costs relating to the subsequent financial year such as deferred cogs, subscriptions, rents, and insurance.

| | 2024 DKK | 2023 DKK |
|--|---------------------|---------------------|
| Prepayments in short 1 year and long 2-5 years | | |
| Within 1 year | 151.911.259 | 142.957.337 |
| Within 1-5 year | 147.788.475 | 172.381.777 |
| Over 5 years | 0 | 27.572 |
| | 299.699.734 | 315.366.686 |

Notes

| | Number | Par value DKK | Nominal value DKK |
|--------------------------------|----------------|------------------|-------------------------|
| 11. Contributed capital | | | |
| A-shares | 510.000 | 1 | 510.000 |
| B-shares | 169.095 | 1 | 169.095 |
| | <u>679.095</u> | | <u>679.095</u> |

12. Long-term prepayments received from customers

Long-term prepayments received from customers relate to sold contracts with duration more than one year after balance sheet day.

13. Prepayments

Prepayments received from customers relate to sold contracts with duration of less than one year after balance sheet day.

| | 2024 DKK | 2023 DKK |
|--|---------------------|-------------------|
| 14. Changes in working capital | | |
| Increase/decrease inventories etc. | 521.766 | 175.902 |
| Increase/decrease in receivables | (10.569.052) | (65.098.271) |
| Increase/decrease in trade payables etc. | (18.926.084) | 90.188.216 |
| | <u>(28.973.370)</u> | <u>25.265.847</u> |

Notes

15. Financial instrument

As part of hedging sales and purchases the Company has entered foreign exchange contracts regarding finalized transactions with their bank. The hedging is therefore composed of trade receivables and payables. The hedge transactions have been made in USD. As of December 31, 2024 the fair value regulation of the derivatives is a profit of DKK 950 thousand, which has been recognized as part of the Company's other payables. As the hedge is a fair value regulation has been recognized in the income statement.

16. Unrecognised rental and lease commitments, etc.

The Company is jointly taxed with Wirefree Services Denmark A/S and is jointly and severally liable with the other jointly taxed entities for the payment of income taxes, taxes on dividends and interests.

| | 2024 DKK | 2023 DKK |
|---|---------------------|---------------------|
| Liabilities under rental or lease agreements. | | |
| Until maturity in total | | |
| Within 1 year | 356.452 | 410.946 |
| Within 1-5 year | 34.080 | 77.139 |
| | 390.532 | 488.085 |

| | 2024 DKK | 2023 DKK |
|---|---------------------|---------------------|
| 17. Transactions with related parties | | |
| Sales of equipment and services for Related Parties | 9.196.404 | 3.544.673 |
| Purchase of equipment and services from Related Parties | (30.051.934) | (14.144.756) |
| Income from centralized services to Related Parties | 611.614 | 330.204 |
| Other costs for centralized services from Related Parties | (17.087.435) | (17.837.208) |

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

No changes have been made to the accounting policy.

Recognition and measurement

Assets are recognized in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of liability can be measured reliably.

On initial recognition, assets and liabilities are measured in cost. Measurement after initial recognition is affected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognized in the income statement as financial income or financial expenses.

When recognizing foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

Income statement**Gross profit and loss**

Gross profit or loss comprises revenue, cost of sales and external expenses.

Revenue

Revenues from re-sale of goods, hardware and software, is made when the risk has passed to the buyer. Revenue is recognized as net of VAT, duties and sales discounts. Revenues for re-sale of subscription licenses (software) is recognized as revenue linearly over the start and end date of the license.

Prepared subscription licenses from customers are deferred in the balance sheet as either short-term or long-term debt, depending on whether the revenues is to be released within a period of 1 year from the balance sheet day, or longer than 1 year from the balance sheet day.

Revenues from the sales of services is recognized when the service is delivered to the customer net of VAT, duties and sales discounts and is measured at the fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory write downs.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write downs of receivables recognized in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for the staff.

Depreciation, amortization and impairment losses

Depreciation, amortization, and impairment losses relating to property, plant and equipment and impairment losses for the financial year, as well as gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprises, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on payables and transactions in foreign currencies, amortization of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses, payables and transactions in foreign currencies, amortization of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly in equity by the portion attributable to entries directly in equity.

The Company is jointly taxed with Wirefree Services Denmark A/S and Orange Business Denmark A/S. The current Danish corporation tax is allocated in proportion to their taxable income (full absorption with refunds for tax losses). This means that companies with losses receive refunds from the other jointly taxed companies.

Balance**Property, plant and equipment**

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, suppliers and labor costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognized in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

| | |
|--|-----------|
| Other fixtures and fittings, tools and equipment | 3-5 years |
|--|-----------|

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract periods. Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the revenue of cost using the FIFO method and net realizable value.

Cost consists of purchase plus delivery costs.

The net realizable value of inventories is calculated as the estimated selling price less completion and costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortized cost, usually equaling nominal value less write-downs for bad and doubtful debts.

Deferred tax

Deferred tax is recognized on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognized for amortization of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognized in the balance sheet at their estimated realizable value, either as a set-off against deferred tax liabilities or as net tax assets.

Income tax payable or receivable

Current tax payable or receivable is recognized in the balance sheet, stated as tax computed on this year's taxable income adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost. The main prepayment relates to licenses that follow the revenue period.

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognized on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortized cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

The cash flow statement shows cash flow from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividends.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loan.