

## **Orange Cyberdefense Denmark A/S**

Roskildevej 522

2605 Brøndby

Business Registration No

29776555

### **Annual report 2023**

The Annual General Meeting adopted the annual report on 25 June 2024

#### **Chairman of the General Meeting**

---

Name: Leif Gyllenberg

# Contents

	<b><u>Page</u></b>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2023	9
Balance sheet at 31.12.2023	10
Statement of changes in equity for 2023	12
Cash flow statement 2023	13
Notes	14
Accounting policies	19

## Entity details

### Entity

Orange Cyberdefense Denmark A/S  
Roskildevej 522  
2605 Brøndby

Central Business Registration No (CVR): 29776555

Registered in: Brøndby

Financial year: 01.01.2023 - 31.12.2023

### Board of Directors

Leif Gyllenberg, Chairman  
Marc Celina Francois Goegebuer  
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 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023.

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 2024

### Executive Board

Mårten Carl Göran Toll Söderblom

### Board of Directors

Leif Gyllenberg  
Chairman

Marc Celina Francois Goegebuer

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 2023 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 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023 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 made based on these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional 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 a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 2024

### **KPMG**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 25 57 81 98

Jesper Bo Pedersen

State Authorised Public Accountant

MNE no. mne42778

## Management commentary

	2023 DKK'000	2022 DKK'000	2021 DKK'000	2020* DKK'000	2019* DKK'000
<b>Financial highlights</b>					
<b>Key figures</b>					
Revenue	335.823	193.687	168.052	188.988	158.368
Gross profit/loss	53.808	42.294	40.614	40.935	36.151
Operating profit/loss	(3.535)	(8.329)	(444)	2.738	3.478
Net financials	(732)	431	(179)	(3)	339
Profit/loss for the year	(3.365)	(6.172)	503	2.095	2.943
Total assets	476.776	405.898	238.804	126.257	127.053
Investments in property, plant and equipment	328	292	360	94	0
Equity	9.106	12.471	2.643	15.108	13.012
Employees	53	53	42	37	33
<b>Cash Flows</b>					
Net operating cash flow	21.290	(8.270)	2.571	(4.414)	7.862
Net investing cash flow	(404)	(256)	(360)	(106)	14
Net financing cash flows	0	16.000	0	0	0
Increase/decrease in cash and cash equivalent	20.986	7.474	2.211	(4.520)	7.876
<b>Ratios</b>					
Gross margin (%)	16,0	22,0	24,2	21,7	22,8
Net margin (&)	-1,0	-4,0	0	1,1	1,9
Return on equity (%)	-31,2	-50,0	17,4	14,9	25,1
Equity ratio (%)	1,9	3,0	1,1	12	10,2

\*) 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-sell of cybersecurity products, delivery of Managed Security services and Consulting services.

### Development in activities and finances

2023 was again a positive year for Orange Cyberdefense Denmark in terms of revenues with a significant revenue growth versus previous year. Besides the growth in product sales, we also saw a continued interest in our Managed Security Services.

Profit for 2023 is negative due to continued strategic investments, an increase in employees and a general increased cost base.

Based on the outcome and strategic actions taken during 2023, Orange Cyberdefense Denmark is looking forward to another year with a growth, but due the strong growth in 2023 the growth number for 2024 is expected to be well above 10%. We are also foreseeing improvements in the operational profit 2024, driven by the increased revenues and efficiencies, and currently estimate an operating profit to be better than in 2023 but still slightly negative.

### 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 2023

	<u>Notes</u>	<u>2023 DKK</u>	<u>2022 DKK</u>
Revenue		335.822.913	193.687.330
Cost of sales		(248.095.618)	(131.284.544)
Other external expenses		(33.919.782)	(20.109.094)
<b>Gross profit</b>		<b>53.807.513</b>	<b>42.293.692</b>
Staff costs	2	(57.055.398)	(50.405.430)
Depreciation, amortization and impairment losses	3	(287.303)	(217.513)
<b>Operation loss</b>		<b>(3.535.188)</b>	<b>(8.329.251)</b>
Other financial income	4	5.489.541	6.298.196
Other financial expenses	5	(6.221.560)	(5.867.357)
<b>Loss before tax</b>		<b>(4.267.207)</b>	<b>(7.898.412)</b>
Tax on loss for the year	6	902.055	1.726.154
<b>Loss for the year</b>	7	<b>(3.365.152)</b>	<b>(6.172.258)</b>

## Balance sheet at 31.12.2023

	<u>Notes</u>	<u>2023 DKK</u>	<u>2022 DKK</u>
Other fixtures and fittings, tools and equipment		465.756	424.895
<b>Property, plant, and equipment</b>	<b>8</b>	<b>465.756</b>	<b>424.895</b>
Deposits		306.715	230.605
Deferred tax	9	7.573.727	6.609.965
<b>Financial assets</b>		<b>7.880.442</b>	<b>6.840.570</b>
<b>Fixed assets</b>		<b>8.346.198</b>	<b>7.265.465</b>
Trade receivables		110.654.433	165.074.523
Finished goods for resale		525.855	701.757
Prepayments	10	315.366.686	213.198.306
Receivables from group enterprise		53.813	0
Other receivables		1.185.593	0
<b>Receivables</b>		<b>427.786.380</b>	<b>378.974.586</b>
<b>Cash</b>		<b>40.643.584</b>	<b>19.657.798</b>
<b>Current assets</b>		<b>468.429.964</b>	<b>398.623.384</b>
<b>Assets</b>		<b>476.776.162</b>	<b>405.897.849</b>

## Balance sheet at 31.12.2023

	Notes	2023 DKK	2022 DKK
Contributed capital	11	679.095	679.095
Capital reserve incl. retained earnings		8.426.511	11.791.664
<b>Equity</b>		<b>9.105.606</b>	<b>12.470.759</b>
Prepayments received from customer	12	199.071.990	128.288.370
Other payables		3.264.994	6.778.604
<b>Non-current liabilities other than provisions</b>		<b>202.336.984</b>	<b>135.066.974</b>
Prepayments received from customers	13	159.617.389	129.474.575
Trade payables		97.013.191	62.440.336
Payables to group enterprise		0	49.113.345
Income tax payables		1.003.466	837.641
Other payables		7.699.526	16.494.219
<b>Current liabilities other than provisions</b>		<b>265.333.572</b>	<b>258.360.116</b>
<b>Liabilities other than provisions</b>		<b>467.670.556</b>	<b>393.427.090</b>
<b>Equity and liabilities</b>		<b>476.776.162</b>	<b>405.897.849</b>

## Statement of changes in equity for 2023

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	679.095	11.791.666	12.470.758
Profit/loss for the year	0	(3.365.152)	(3.365.152)
<b>Equity end of year</b>	<b>679.095</b>	<b>8.426.511</b>	<b>9.105.606</b>

## Cash flow statement for 2023

	<u>Notes</u>	<u>2023 DKK</u>	<u>2022 DKK</u>
Operation profit/loss		(3.535.188)	(8.329.251)
Amortization, depreciation and impairment losses		287.303	217.513
Working capital changes	14	25.265.847	(589.347)
<b>Cash flow from ordinary operating activities</b>		<b>22.017.962</b>	<b>(8.701.078)</b>
Financial income received		5.489.541	6.298.196
Financial expenses paid		(6.221.560)	(5.867.357)
Income taxes refunded/paid		104.118	0
<b>Cash flow from operating activities</b>		<b>21.290.061</b>	<b>(8.270.239)</b>
Acquisition of property, plant and equipment		(327.365)	(256.080)
Deposits		(76.910)	0
<b>Cash flows from investing activities</b>		<b>(404.275)</b>	<b>(256.080)</b>
Capital Increase		0	16.000.000
<b>Cash flows from financing activities</b>		<b>0</b>	<b>16.000.000</b>
<b>Increase in cash and cash equivalents</b>		<b>20.985.786</b>	<b>7.473.681</b>
Cash and cash equivalents beginning of year		19.657.798	12.184.117
<b>Cash and cash equivalents end of year</b>		<b>40.643.584</b>	<b>19.657.798</b>

## Notes

### 1. Events after the balance sheet date

No events after the balance sheet date 2023.

	<b>2023 DKK</b>	<b>2022 DKK</b>
<b>2. Staff costs</b>		
Wages and salaries	53.355.161	47.879.703
Pension costs	2.472.989	2.033.470
Other social costs	1.227.248	492.257
	<b>57.055.398</b>	<b>50.405.430</b>

Number of employees at balance sheet date	<b>53</b>	<b>53</b>
---	-----------	-----------

Information on management remuneration has been omitted in accordance with the exemption provision in section. 98 b (1) of the Annual Accounts Act. No. 3.

	<b>2023 DKK</b>	<b>2022 DKK</b>
<b>3. Depreciation, amortization and impairment losses</b>		
Depreciation of property, plant and equipment	287.303	217.513
	<b>287.303</b>	<b>217.513</b>

	<b>2023 DKK</b>	<b>2022 DKK</b>
<b>4. Other financial income</b>		
Other interest incomes	69.188	0
Exchange rate adjustments	5.010.966	6.298.198
Adjustment of financial instrument	409.388	0
	<b>5.489.542</b>	<b>6.298.198</b>

	<b>2023 DKK</b>	<b>2022 DKK</b>
<b>5. Other financial expenses</b>		
Other interest expenses	(531.338)	(61.532)
Exchange rate adjustments	(5.690.222)	(5.100.411)
Adjustment of financial instrument	0	(705.413)
	<b>(6.221.560)</b>	<b>(5.867.356)</b>

## Notes

	<b>2023 DKK</b>	<b>2022 DKK</b>
<b>6. Tax on profit/loss for the year</b>		
Change in deferred tax	963.762	1.975.524
Current tax	(61.707)	(249.368)
	<b>902.055</b>	<b>1.726.154</b>
	<b>2023 DKK</b>	<b>2022 DKK</b>
<b>7. Proposed distribution of profit/loss</b>		
Retained earnings	(3.365.152)	(6.172.258)
	<b>(3.365.152)</b>	<b>(6.172.258)</b>
		<b>Other fixtures and fittings, tools, and equipment DKK</b>
<b>8. Property, plant and equipment</b>		
Cost beginning of year		1.232.467
Additions		328.165
Cost end of year		<b>1.560.631</b>
Depreciation and impairment losses beginning of year		(807.572)
Depreciation for the year		(287.304)
<b>Depreciation and impairment losses end of year</b>		<b>(1.094.875)</b>
<b>Carrying amount end of year</b>		<b>465.756</b>

## Notes

	<b>2023 DKK</b>	<b>2022 DKK</b>
<b>9. Deferred tax</b>		
Property, plant and equipment	4.025	(39.850)
Equipment with increased depreciation balance	69.572	92.762
Accrued expenses	7.500.130	6.557.053
	<b>7.573.727</b>	<b>6.609.965</b>

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	6.609.965
Recognized in the income statement	963.762
<b>End of year</b>	<b>7.573.727</b>

### 10. Prepayments

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

	<b>2023 DKK</b>	<b>2022 DKK</b>
Prepayments in short 1 year and long 2-5 years		
Within 1 year	142.957.337	102.743.368
Within 1-5 year	172.381.777	110.454.939
Over 5 years	27.572	0
	<b>315.366.686</b>	<b>213.198.306</b>

## Notes

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

### 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.

	2023 DKK	2022 DKK
<b>14. Changes in working capital</b>		
Increase/decrease inventories etc.	175.902	7.349
Increase/decrease in receivables	(65.098.271)	(157.613.671)
Increase/decrease in trade payables etc.	90.188.216	157.016.975
	<b>25.265.847</b>	<b>(589.347)</b>

## Notes

### 15. Financial instrument

As part of hedging of sales and purchases the Company has entered into 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, 2023 the fair value regulation of the derivatives is a loss of DKK 409 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.

	<b>2023 DKK</b>	<b>2022 DKK</b>
Liabilities under rental or lease agreements.		
Until maturity in total		
Within 1 year	410.946	266.948
Within 1-5 year	77.139	45.316
	<b>488.085</b>	<b>312.264</b>

	<b>2023 DKK</b>	<b>2022 DKK</b>
<b>17. Transactions with related parties</b>		
Sale of equipment and services to Related Parties	3.544.673	5.414.540
Purchase of equipment and services from Related Parties	(14.144.756)	(7.224.298)
Income from centralized services to Related Parties	330.204	556.640
Other costs for centralized services from Related Parties	(17.837.208)	(11.730.270)

## 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).

With reference to note number 19 the accounting policy has been updated on revenue with effect on other accounts. The financial highlight for 2018-2022 has not been updated but it would be the same accounts that was changed. Beside this change the accounting policy is unchanged compared to last year.

### 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 the liability can be measured reliably.

On initial recognition, assets and liabilities are measured in cost. Measurement subsequent to 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 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 sale 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 incurrent 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 flows 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.