

Thales DIS Danmark A/S

Borupvang 1 B
2750 Ballerup
CVR No. 16882194

Annual report 2019

The Annual General Meeting adopted the
annual report on 25.09.2020



-
Chairman of the General Meeting

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Entity details

Entity

Thales DIS Danmark A/S

Borupvang 1 B

2750 Ballerup

CVR No.: 16882194

Registered office: Ballerup

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Tommi Kalle Nordberg, Chairman

Tommi Sakari Marjakaarto

Sven Daniel Severin Nygren

Antti Johannes Leskinen

Executive Board

Peter Nordstrand, Executive Board

Auditors

Mazars Statsautoriseret Revisionspartnerselskab

Midtermolen 1, 2. tv.

2100 København Ø

CVR No.: 31061741

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Thales DIS Danmark A/S for the financial year 01.01.2019 - 31.12.2019.

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 at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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.

Ballerup, 25.09.2020

Executive Board



Peter Nordstrand
Executive Board

Board of Directors



Tommi Kalle Nordberg
Chairman



Sven Daniel Severin Nygren



Tommi Sakari Marjakaarto



Antti Johannes Leskinen

Independent auditor's report

To the shareholders of Thales DIS Danmark A/S

Opinion

We have audited the financial statements of Thales DIS Danmark A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared 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 at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 in the notes, 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 statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

København, 25.09.2020

Mazars Statsautoriseret Revisionspartnerselskab
CVR No. 31061741

A handwritten signature in blue ink, appearing to read 'DHR', with a long horizontal flourish extending to the right.

Dennis Herholdt Rasmussen

State Authorised Public Accountant

Identification No (MNE) mne43413

Management commentary

Financial highlights

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Key figures					
Gross profit/loss	33,641	30,085	29,126	30,834	28,075
Operating profit/loss	3,460	3,638	3,350	3,862	3,426
Net financials	(45)	(173)	(119)	(78)	157
Profit/loss for the year	2,653	2,669	2,519	2,943	2,706
Total assets	92,479	94,634	68,806	69,792	95,927
Investments in property, plant and equipment	1,966	2,119	0	3,914	1,673
Equity	61,458	58,805	56,136	53,618	67,675
Average number of employees	41	40	42	41	40
Ratios					
Return on assets (%)	3.8	3.8	4.9	5.5	3.6
Solvency ratio (%)	62.1	62.1	81.6	76.8	70.5
Return on equity (%)	4.41	4.64	4.59	4.85	4.10

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on assets (%):

$\frac{\text{Operating profit} * 100}{\text{Total assets}}$

Solvency ratio (%):

$\frac{\text{Equity at year end} * 100}{\text{Total assets at year end}}$

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Primary activities

Thales DIS Danmark's main business area in 2019 was the administration, personalization, and distribution of payment card to banks and financial institutions, chip cards among other for public transport, identity products and - solutions, whereof Danish passports represent the majority. In the public sector, the Company has furthermore delivered personalized EU tachograph cards, EU residence permit cards and security documents (cf. the Schengen Agreement).

Development in activities and finances

The income statement of the Company for 2019 shows a profit of TDKK 2.653, which corresponds to a decrease of 0,6% compared to the profit in 2018. This is in line with management's expectations.

At 31 December 2019, the balance sheet of the Company shows Equity of TDKK 61.458.

In 2019 the company has adopted IFRS-16 as the basis for its accounting treatment for lease accounting. The IFRS 16 impact on the balance sheet is an increase in both assets and liabilities by DKK 5.6m.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Outlook

We have paid particular attention to how the effects of the COVID-19 outbreak affect the company's future development and risks that may affect financial reporting going forward.

In this assessment, we have come to the conclusion that there will be lower sales in the first half of the year 2020 as a direct impact of COVID-19.

The impact on sales for the whole year 2020 is unpredictable and at present we cannot assess the effects.

The company has taken proactive measures to minimize the risk to the company's employees and to secure the business and take ongoing measures to limit the effects.

Particular risks

Thales DIS Danmark A/S operates as part of the Thales DIS Group, which bears the main responsibility for its risks.

Thales DIS Danmark A/S is estimated to be exposed to the following risks:

In Government programs, stricter service requirements, combined with weak long-term economic development in many major markets, are further increasing the complexity of risk assessment. In addition, political instability in Europe and its nearby areas may slow down the growth.

With regard to business operations related to Secure Transactions, the company's competitive position has not changed significantly. Most customer requirements are based on international regulations and standards.

The Group has prepared for technical risks related to new products through extensive testing practices, which are intended to provide sufficient familiarity with any risks related to the products and to eliminate such risks.

Under normal circumstances no other specific risks or uncertainty factors are considered to be related to the company's business operations, however a long-term pandemic as COVID-19 could be a threat to our government program.

Environmental performance

Due to the nature of activity of the Company it is considered not to have any significant impact on the environment.

Group relations

On 2 April 2019, Gemalto Group, which includes Thales DIS Danmark A/S, was acquired by Thales SA, the parent company of Thales Group.

The financial position at 31 December 2019 of the Company and the results of the activities of the Company for

the financial year for 2019 have not been affected by any unusual events.

Thales DIS Danmark is part of the international Thales DIS Group, which is worldwide leading within digital security.

For further information of the Group strategy, marketview, CSR etc., please see the Group annual report <https://www.thalesgroup.com/en/thales-and-gemalto-create-world-leader-digital-security/documents>

Income statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
Gross profit/loss		33,641	30,085
Staff costs	2	(27,503)	(25,256)
Depreciation, amortisation and impairment losses	3	(2,678)	(1,191)
Operating profit/loss		3,460	3,638
Other financial income	4	185	59
Other financial expenses		(230)	(232)
Profit/loss before tax		3,415	3,465
Tax on profit/loss for the year	5	(762)	(796)
Profit/loss for the year	6	2,653	2,669

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK'000	2018 DKK'000
Plant and machinery		6,604	4,839
Other fixtures and fittings, tools and equipment		1,410	305
Leasehold improvements		3,206	1,148
Property, plant and equipment	7	11,220	6,292
Fixed assets		11,220	6,292
Manufactured goods and goods for resale		5,161	6,596
Inventories		5,161	6,596
Trade receivables		10,218	23,630
Contract work in progress		6,677	0
Receivables from group enterprises		45,494	52,687
Deferred tax	8	66	93
Other receivables		91	0
Income tax receivable		356	0
Prepayments	9	2,296	2,988
Receivables		65,198	79,398
Cash		10,900	2,348
Current assets		81,259	88,342
Assets		92,479	94,634

Equity and liabilities

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital		3,001	3,001
Share premium		38,999	38,999
Retained earnings		19,458	16,805
Equity		61,458	58,805
Other provisions	10	1,435	1,435
Provisions		1,435	1,435
Lease obligations		2,810	0
Other payables		844	0
Non-current liabilities other than provisions	11	3,654	0
Lease obligations	11	1,551	0
Prepayments received from customers		27	0
Trade payables		916	679
Payables to group enterprises		13,174	23,566
Income tax payable		730	154
Other payables		9,534	9,995
Current liabilities other than provisions		25,932	34,394
Liabilities other than provisions		29,586	34,394
Equity and liabilities		92,479	94,634
Events after the balance sheet date	1		
Contingent liabilities	12		
Transactions with related parties	13		
Group relations	14		

Statement of changes in equity for 2019

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	3,001	38,999	16,805	58,805
Profit/loss for the year	0	0	2,653	2,653
Equity end of year	3,001	38,999	19,458	61,458

Notes

1 Events after the balance sheet date

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

2 Staff costs

	2019 DKK'000	2018 DKK'000
Wages and salaries	21,746	21,843
Pension costs	2,503	2,377
Other social security costs	786	400
Other staff costs	2,468	636
	27,503	25,256
Average number of full-time employees	41	40

	Remuneration of management 2019 DKK'000	Remuneration of management 2018 DKK'000
Executive Board	1,851	1,400
	1,851	1,400

3 Depreciation, amortisation and impairment losses

	2019 DKK'000	2018 DKK'000
Depreciation of property, plant and equipment	2,678	1,191
	2,678	1,191

4 Other financial income

	2019 DKK'000	2018 DKK'000
Financial income from group enterprises	49	37
Other interest income	136	22
	185	59

5 Tax on profit/loss for the year

	2019 DKK'000	2018 DKK'000
Current tax	730	595
Change in deferred tax	27	201
Adjustment concerning previous years	5	0
	762	796

6 Proposed distribution of profit and loss

	2019 DKK'000	2018 DKK'000
Retained earnings	2,653	2,669
	2,653	2,669

7 Property, plant and equipment

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	42,813	2,032	16,974
Additions	526	1,440	0
Cost end of year	43,339	3,472	16,974
Depreciation and impairment losses beginning of year	(35,440)	(1,727)	(12,724)
Depreciation for the year	(1,295)	(335)	(1,044)
Depreciation and impairment losses end of year	(36,735)	(2,062)	(13,768)
Carrying amount end of year	6,604	1,410	3,206
Recognised assets not owned by entity	2,112	0	2,225

8 Deferred tax

	2019 DKK'000
Changes during the year	
Beginning of year	93
Recognised in the income statement	(27)
End of year	66

The deferred tax relates to fixed assets and provisions.

Is it expected that the deferred tax recognized at 31 December 2019 will be realized as current tax within 5 years.

9 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and salary.

Prepayments also consist of development projects.

10 Other provisions

	2019	2018
	DKK'000	DKK'000
Dilapidation cost provision	1.435	1.435

11 Non-current liabilities other than provisions

	Due within 12 months 2019 DKK'000	Due after more than 12 months 2019 DKK'000
Lease obligations	1,551	2,810
Other payables	0	844
	1,551	3,654

Non-current liabilities other than provisions that falls due later than 5 years after the balance sheet date: DKK 0.

12 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Thales Denmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

13 Transactions with related parties

	Associates DKK'000
Sales	6,724
Purchases	70,047
Interest income	49
Receivables	45,494
Liabilities other than provisions	13,174

14 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Gemalto Holding B.V., Barbara Strozziilaan 382 1083 HN Amsterdam, The Netherlands

Thales Dis Danmark A/S is included in the Group Financial Statements of Gemalto Holding B.V. which is a part of Thales Group.

Copies of the consolidated financial statements of Gemalto Holding B.V. may be obtained at the internet side or

ordered at the following address:

<https://www.thalesgroup.com/en/thales-and-gemalto-create-world-leader-digital-security/documents>

Thales DIS Danmark A/S
Borupvang 1 B
2750 Ballerup

Accounting policies

Reporting class

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

Changes in accounting policies

With effect for the financial year 2019, Thales DIS Danmark A/S has chosen to apply the options cf. the Danish Financial Statements Act of applying IFRS16, Leases, within the framework. Thus, the Company has changed its accounting policies, cf, below.

The Company's accounting policies have been changed as it is Management's assessment that the changed accounting policies give a more true and fair view of the financial position and the results of the Company. Moreover, the change means that the Company now applies the same accounting policies as the rest of the Thales Group, to which the Company belongs.

The Company has changed its accounting policy for leases, and now applies IFRS 16 for lease transactions. Thus, leased assets are recognised with a calculated value and are depreciated over their expected useful lives, whereas the lease liability is recognised in the balance sheet.

The change of accounting policy is based on the transitional rules of IFRS 16:

- in respect of leases previously classified as operating leases, a lease liability is recognised and measured corresponding to the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at 1 January 2019 - lease assets are recognised at the same amount adjusted for prepaid or accrued lease payments
- in respect of portfolios of leases with similar characteristics, one single discount rate is applied
- leases for which the term ends within 12 months from 1 January 2019 are not included in the balance sheet;

The accounting policy change has had the following effect on net profit, total assets and equity:

Net profit DKK 0
Lease assets DKK 5.636.328
Lease liabilities 5.636.328
Total assets DKK 5.636.328
Equity DKK 0

Recognition and measurement

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the

asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognized directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognized in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Gross profit or loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue is recognized in the income statement when delivery and transfer of control has been made before year end.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Cost of sales

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

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

Amortization, depreciation and impairment losses comprise amortization, depreciation and impairment of property, plant and equipment.

Other financial income

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

Other financial expenses

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

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

The Entity is jointly taxed with Danish companies in the Thales concern. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet**Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. The Group has implemented IFRS 16 for leases, which was applied from the 1st of January 2019.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labor, materials, components and sub-suppliers.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	3-9 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-10 years

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

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

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

Receivables

Receivables are recognized in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Deferred tax

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallize as current tax. Any changes in deferred tax due to changes to tax rates are recognized in the income statement.
any effect on profit or loss or on taxable income.

Income tax payable or receivable

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Provisions consist of provisions for refurbishment of rented premises by vacating and are recognized when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Leases

Leases are recognised in the balance sheet at the calculated amount of the lease liability. The lease liability is calculated at the present value of the lease payments calculated by applying the interest rate implicit in the lease or the Company's incremental borrowing rate as discount rate if the interest rate implicit in the lease is not available. Lease assets are depreciated and written down for impairment under the same policy as for the Company's other fixed assets.

The Company has chosen to apply the exemptions concerning short-term and low-value leases. Therefore, such lease assets are not recognised as assets and liabilities in the balance sheet. The costs are recognised in the income statement on a straight-line basis over the lease term.

The lease liability is recognised in the balance sheet under debt and is adjusted for prepaid lease payments on a current basis. At the same time, interest is added on the liability. Interest expenses are charged to the income statement on a current basis.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Other financial liabilities

Other debts are measured at amortized cost, substantially corresponding 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

In pursuance of Section 86(iv) of the Danish Financial Statements Act, Thales DIS Danmark A/S has omitted preparing a cash flow statement, as the Company is included in the cash flow statement of the Gemalto Holding B.V. Group.