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Cloudeon A/S

Lyngbyvej 2, 2100 København Ø

Company reg. no. 37 19 61 69

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 12 July 2023.

DocuSigned by:
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Thomas Anders Thejn
Chairman of the meeting

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Cloudeon A/S for the financial year 1 January - 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

København Ø, 12 July 2023

Managing Director

DocuSigned by:
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Thomas Anders Thejn
CEO

Board of directors

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Sebastien Chevrel
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Sebastien Raymond Jean Chevrel
Chairman

DocuSigned by:
Thierry FRANCOIS
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Thierry François

DocuSigned by:
Søren Dandanell Nielsen
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Søren Dandanell Nielsen

Independent auditor's report

To the Shareholders of Cloudeon A/S

Opinion

We have audited the financial statements of Cloudeon A/S for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 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 judgment and maintain professional skepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s 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 Company to cease to continue as a going concern.

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

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 Management’s Review

Management is responsible for Management’s Review.

Our opinion on the financial statements does not cover Management’s Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management’s Review and, in doing so, consider whether Management’s Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management’s Review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

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

Copenhagen, 12 July 2023

Grant Thornton
State Authorised Public Accountants
Company reg. no. 34 20 99 36

DocuSigned by:
Peter Stokholm
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Peter Birk Stokholm
State Authorised Public Accountant
mne48468

Company information

The company	Cloudeon A/S Lyngbyvej 2 2100 København Ø	
	Company reg. no.	37 19 61 69
	Financial year:	1 January - 31 December
Board of directors	Sébastien Raymond Jean Chevrel, Chairman Thierry François Søren Dandanell Nielsen	
Managing Director	Thomas Anders Thejn, CEO	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Parent company	Devoteam SA	
Subsidiaries	Cloudeon UAB, Lvivo g. 101, LT-08104 Vilnius Cloudeon AB, Box 1050, 101 39 Stockholm	

Management´s review

The principal activities of the company

Like previous years, the activities are consultancy and digital services within cloud computing.

Development in activities and financial matters

The gross profit for the year totals DKK 18.577.326 against DKK 45.391.686 last year. Income or loss from ordinary activities after tax totals DKK -32.128.394 against DKK -5.981.450 last year. Management considers the net profit or loss for the year as being unsatisfied.

The company' ordinary activities for 2022 have been significantly impacted by the impairment loss on the development projects.

The equity is negative with DKK 9.313.344 as of 31 December 2022 for which the company is subject to the rules for capital loss outlined in the Companies Act. The management expects that the contributed capital will be reestablished through future earnings or capital contribution from the parent company.

The company has received a letter of comfort from the parent company which supports the company' ordinary activity until 31 December 2023.

Management has concluded that the projected profit of the development projects is associated with significant unceartanties. As the company has not yet been able to generate a proftable income, management has decided to write off the development project.

Events occurring after the end of the financial year

No events have occured subsequent to the balance sheet date, which would have material impacts on the financial position of the company.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2022	2021
	Gross profit	**18.577.326**	**45.391.686**
3	Staff costs	-27.081.871	-44.946.560
	Depreciation, amortisation, and impairment	-22.666.565	-8.602.305
	Operating profit	**-31.171.110**	**-8.157.179**
	Income from investments in subsidiaries	-1.376.022	739.413
	Other financial income	10.305	9.706
4	Other financial expenses	-823.104	-1.129.885
	Pre-tax net profit or loss	**-33.359.931**	**-8.537.945**
5	Tax on net profit or loss for the year	1.231.537	2.556.495
	Net profit or loss for the year	**-32.128.394**	**-5.981.450**
	Proposed distribution of net profit:		
	Reserves for net revaluation according to the equity method	-1.336.900	739.113
	Allocated from retained earnings	-30.791.494	-6.720.563
	Total allocations and transfers	**-32.128.394**	**-5.981.450**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2022	2021
	Non-current assets		
6	Completed development projects	0	21.257.700
	Total intangible assets	0	21.257.700
7	Other fixtures and fittings, tools and equipment	116.197	1.469.102
	Total property, plant, and equipment	116.197	1.469.102
8	Investments in subsidiaries	18.270	1.432.823
9	Deposits	0	386.300
	Total investments	18.270	1.819.123
	Total non-current assets	**134.467**	**24.545.925**
	Current assets		
	Trade receivables	5.687.250	11.686.453
	Receivables from subsidiaries	1.545.080	1.686.937
	Deferred tax assets	0	1.026.741
	Tax receivables from subsidiaries	3.027.002	768.724
	Prepayments	626.892	493.894
	Total receivables	10.886.224	15.662.749
	Cash and cash equivalents	2.488.253	1.349.384
	Total current assets	**13.374.477**	**17.012.133**
	Total assets	**13.508.944**	**41.558.058**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2022	2021
	Equity		
	Contributed capital	1.421.828	1.421.828
	Reserve for net revaluation according to the equity method	0	1.336.900
	Reserve for development costs	0	16.581.006
	Retained earnings	-10.735.172	3.475.316
	Total equity	**-9.313.344**	**22.815.050**
	Liabilities other than provisions		
	Bank loans	16.637	99.245
	Trade payables	5.839.533	5.388.468
	Payables to subsidiaries	10.205.160	4.730.368
	Other payables	4.129.955	5.753.671
	Deferred income	2.631.003	2.771.256
	Total short term liabilities other than provisions	22.822.288	18.743.008
	Total liabilities other than provisions	**22.822.288**	**18.743.008**
	Total equity and liabilities	**13.508.944**	**41.558.058**

1 Capital resources and liquidity

2 Special items

10 Charges and security

11 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Reserve for development costs	Retained earnings	Total
Equity 1 January 2022	1.421.828	1.336.900	16.581.006	3.475.316	22.815.050
Share of profit or loss	0	-1.336.900	0	-30.791.494	-32.128.394
Transferred from reserve for development costs	0	0	-16.581.006	16.581.006	0
	1.421.828	**0**	**0**	**-10.735.172**	**-9.313.344**

Notes

All amounts in DKK.

1. Capital resources and liquidity

The equity is negative with DKK 9.313.344 as of 31 December 2022 for which the company is subject to the rules for capital loss outlined in the Companies Act. Management is going to present at plan for the company at the general meeting on how to re-establish the eqity.

The company has received a letter of comfort issued from the parent company to support the company's continued operations and investments and to provide the funds required to ensure that the company can fullfill its obligations as they fall due. The letter of comfort is valid up to and including 31 December 2023.

2. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any related gains on disposal and losses which, over time, have a significant impact. Special items also include other significant amounts of a nonrecurring nature.

As mentioned in the management commentary, the net profit or loss for the year is affected by a number of factors that differ from what is considered by management to be part of operating activities.

Management has concluded that the projected profit of the development projects is associated with significant unceartanties. As the company has not yet been able to generate a proftable income, management has decided to write off the development project.

Special items for the year are specified below, indicating where they are recognised in the income statement.

	2022
Expenses:	
Impairment of current assets exceeding the usual write-down for impairment	14.698.614
	14.698.614
Special items are recognised in the following items in the financial statements:	
Depreciation, amortisation, and impairment	-14.698.614
Loss of special items, net	**-14.698.614**

Notes

All amounts in DKK.

		2022	2021
3.	**Staff costs**		
	Salaries and wages	24.777.213	42.105.724
	Pension costs	2.120.591	2.326.194
	Other costs for social security	184.067	514.642
		27.081.871	**44.946.560**
	Average number of employees	31	37

		2022	2021
4.	**Other financial expenses**		
	Financial costs, group enterprises	518.394	119.182
	Other financial costs	304.710	1.010.703
		823.104	**1.129.885**

		2022	2021
5.	**Tax on net profit or loss for the year**		
	Tax on net profit or loss for the year	-2.258.278	-768.724
	Adjustment of deferred tax for the year	1.026.741	-1.787.771
		-1.231.537	**-2.556.495**

		2022	2021
6.	**Completed development projects**		
	Cost 1 January 2022	32.795.434	32.795.434
	Cost 31 December 2022	**32.795.434**	**32.795.434**
	Amortisation and writedown 1 January 2022	-11.537.734	-4.978.647
	Amortisation and depreciation for the year	-6.559.086	-6.559.087
	Impairment loss for the year	-14.698.614	0
	Amortisation and writedown 31 December 2022	**-32.795.434**	**-11.537.734**
	Carrying amount, 31 December 2022	**0**	**21.257.700**

Notes

All amounts in DKK.

		31/12 2022	31/12 2021
7.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2022	9.075.177	8.947.794
	Additions during the year	55.960	127.383
	Disposals during the year	-3.710.088	0
	Cost 31 December 2022	**5.421.049**	**9.075.177**
	Depreciation and writedown 1 January 2022	-7.606.075	-5.562.856
	Amortisation and depreciation for the year	-1.408.865	-2.043.219
	Depreciation, amortisation and impairment loss for the year, assets disposed of	3.710.088	0
	Depreciation and writedown 31 December 2022	**-5.304.852**	**-7.606.075**
	Carrying amount, 31 December 2022	**116.197**	**1.469.102**
8.	**Investments in subsidiaries**		
	Cost 1 January 2022	95.923	37.395
	Additions during the year	0	58.528
	Disposals during the year	-40.258	0
	Cost 31 December 2022	**55.665**	**95.923**
	Revaluations, opening balance 1 January 2022	1.336.900	597.787
	Net profit or loss for the year before amortisation of goodwill	-1.374.295	739.113
	Revaluation 31 December 2022	**-37.395**	**1.336.900**
	Carrying amount, 31 December 2022	**18.270**	**1.432.823**

Subsidiaries:

	Domicile	Equity interest
Cloudeon UAB	Lvivo g. 101, LT-08104 Vilnius	100 %
Cloudeon AB	Box 1050, 101 39 Stockholm	100 %

Notes

All amounts in DKK.

		31/12 2022	31/12 2021
9.	**Deposits**		
	Cost 1 January 2022	386.300	763.030
	Disposals during the year	-386.300	-376.730
	Cost 31 December 2022	**0**	**386.300**
	Carrying amount, 31 December 2022	**0**	**386.300**

10. Charges and security

The Company has pledged all its assets up to a maximum amount of DKK 5,000,000 as a security for all amounts owed to the bank.

11. Contingencies

Contingent liabilities

The company has no contingent liabilities as of 31 December 2022.

Joint taxation

With Devoteam A/S, company reg. no 78068213 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for Cloudeon A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Accounting policies

Results from investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual subsidiaries are recognised in the income statement as a proportional share of the subsidiaries' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs comprise salaries, wages, and amortisation directly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and writedowns for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 10 years.

Property, plant, and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

Accounting policies

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Accounting policies

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

In relation to material assets and liabilities recognised in subsidiaries but are not represented in the parent, the following accounting policies have been applied.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Accounting policies

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepaymentsrecognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

According to the rules of joint taxation, Cloudeon A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Accounting policies

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Deferred income

Payments received concerning future income are recognised under deferred income.