

Fortinet Denmark ApS

Tuborg Boulevard 12, 2900 Hellerup

CVR no. 40 87 53 44

Annual report 2021

Approved at the Company's annual general meeting on 27 May 2022

Chair of the meeting:

DocuSigned by:

Declan Fitzpatrick

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Declan Michael Fitzpatrick

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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Fortinet Denmark ApS for the financial year 1 January - 31 December 2021.

The annual report is prepared in accordance with 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

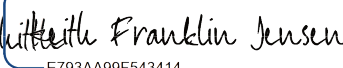
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 27 May 2022
Executive Board:


DocuSigned by:

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John Lunsford Gregory
Whittle
Director

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Keith Franklin Jensen
Director

DocuSigned by:

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Declan Michael Fitzpatrick
Director

DocuSigned by:

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Lindsey Marie Cayanan
Director

Independent auditor's report

To the shareholder of Fortinet Denmark ApS

Opinion

We have audited the financial statements of Fortinet Denmark ApS for the financial year 1 January - 31 December 2021, which comprise an income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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' 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 the 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 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent auditor's report

- 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.

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 Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 27 May 2022

Ecovis Danmark
statsautoriseret revisionsinteressentskab
CVR no. 28 93 95 23

Jerrick Olsen
State Authorised Public Accountant
mne46584

Management's review

Company details

Name Fortinet Denmark ApS
Address, Postal code, City Tuborg Boulevard 12, 2900 Hellerup

CVR no. 40 87 53 44
Established 17 October 2019
Registered office Gentofte
Financial year 1 January - 31 December

Executive Board John Lunsford Gregory Whittle, Director
Keith Franklin Jensen, Director
Declan Michael Fitzpatrick, Director
Lindsey Marie Cayanan, Director

Auditors Ecovis Danmark
statsautoriseret revisionsinteressentskab
Vendersgade 28, st. th., 1363 København K

Management's review

Business review

The Company does not perform any sales directly to the end users but provides sales and marketing support services to Fortinet Inc. Its entire revenue is derived from these services and is calculated based on cost plus margin method. The Company is an indirect subsidiary to Fortinet Inc. (Listed Company based in USA).

Financial review

The income statement for 2021 shows a profit of DKK 1,921,033 against a profit of DKK 1,595,524 last year, and the balance sheet at 31 December 2021 shows equity of DKK 3,556,557.

The company's operations have not been influenced by COVID 19 and none of the COVID 19 relief packages have been applied.

Management considers the Company's financial performance in the year satisfactory.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2021 12 months	2019/20 15 months
	Gross profit	40,756,902	33,448,063
2	Staff costs	-38,098,143	-31,312,456
	Profit before net financials	2,658,759	2,135,607
	Financial expenses	-130,921	-70,531
	Profit before tax	2,527,838	2,065,076
3	Tax for the year	-606,805	-469,552
	Profit for the year	1,921,033	1,595,524
	Recommended appropriation of profit		
	Retained earnings	1,921,033	1,595,524
		1,921,033	1,595,524

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2021	2019/20
	ASSETS		
	Fixed assets		
	Investments		
	Deposits, investments	226,347	226,347
		<u>226,347</u>	<u>226,347</u>
	Total fixed assets	<u>226,347</u>	<u>226,347</u>
	Non-fixed assets		
	Receivables		
	Receivables from group enterprises	12,564,649	4,478,926
4	Deferred tax assets	7,102	10,246
	Other receivables	0	1,512,645
	Prepayments	141,836	103,459
		<u>12,713,587</u>	<u>6,105,276</u>
	Cash	<u>2,549,488</u>	<u>10,290,477</u>
	Total non-fixed assets	<u>15,263,075</u>	<u>16,395,753</u>
	TOTAL ASSETS	<u>15,489,422</u>	<u>16,622,100</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2021	2019/20
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	40,000	40,000
	Retained earnings	3,516,557	1,595,524
	Total equity	3,556,557	1,635,524
	Liabilities other than provisions		
5	Non-current liabilities other than provisions		
	Other payables	0	2,531,488
		0	2,531,488
	Current liabilities other than provisions		
	Trade payables	121,643	524,974
	Corporation tax payable	32,099	479,798
	Other payables	11,316,969	11,450,316
	Deferred income	462,154	0
		11,932,865	12,455,088
	Total liabilities other than provisions	11,932,865	14,986,576
	TOTAL EQUITY AND LIABILITIES	15,489,422	16,622,100

- 1 Accounting policies
- 6 Contractual obligations and contingencies, etc.
- 7 Collateral
- 8 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Cash payments concerning formation of enterprise	40,000	0	40,000
Transfer through appropriation of profit	0	1,595,524	1,595,524
Equity at 1 January 2021	40,000	1,595,524	1,635,524
Transfer through appropriation of profit	0	1,921,033	1,921,033
Equity at 31 December 2021	40,000	3,516,557	3,556,557

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Fortinet Denmark ApS for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

The company has corrected longterm payables regarding frozen vacation pay in the comparison numbers from TDKK 1.330 to 2.531. The offsetting account is other payables, shortterm. The change has no effect on the equity.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

The Company does not perform any sales directly to the end users but provides sales and marketing support services to Fortinet Inc. Its entire revenue is derived from these services and is calculated based on cost plus margin method. The Company is an indirect subsidiary to Fortinet Inc. (Listed Company based in USA).

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Investments

Rent deposits are recognized at amortized cost and their carrying value is assessed for impairment on an annual basis.

Impairment of fixed assets

The carrying amount is assessed for impairment on an annual basis.

Impairment tests are conducted on assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

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

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Income taxes and deferred taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2021 12 months	2019/20 15 months
2 Staff costs		
Wages/salaries	35,724,163	29,747,127
Pensions	1,927,810	1,287,263
Other social security costs	191,498	36,795
Other staff costs	254,672	241,271
	<u>38,098,143</u>	<u>31,312,456</u>
 Average number of full-time employees	 <u>21</u>	 <u>16</u>
3 Tax for the year		
Estimated tax charge for the year	603,661	479,798
Deferred tax adjustments in the year	3,144	-10,246
	<u>606,805</u>	<u>469,552</u>

4 Deferred tax assets

The deferred tax asset of DKK 7.102 (10.246 in 2020) consist of other temporary differences that is expected to be reversed in the coming financial year.

5 Non-current liabilities other than provisions

Of the long-term liabilities in 2020 DKK 2.531.488 which comprised of accrued holiday, all has been paid to the Danish Vacation Fund in 2021.

6 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent liabilities:

DKK	2021	2019/20
Rent liabilities	<u>1,152,700</u>	<u>786,800</u>

Rent and lease liabilities include a rent obligation totalling DKK 1.152.700 in interminable rent agreements with remaining contract terms of 10 months.

7 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2021.

8 Related parties

Information about consolidated financial statements

Parent	Domicile
Fortinet B.V	Papendorpseweg 99, 3525 BJ Utrecht, Holland

Dette dokument er underskrevet af nedenstående parter, der med deres underskrift har bekræftet dokumentets indhold samt alle datoer i dokumentet.

This document is signed by the following parties with their signatures confirming the documents content and all dates in the document.

Jerrik Olsen

Som Revisor

PID: 9208-2002-2-032355568564

Tidspunkt for underskrift: 27-05-2022 kl.: 20:30:02

Underskrevet med NemID

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