

Fortinet Denmark ApS


Tuborg Boulevard 12, 2900 Hellerup

CVR no. 40 87 53 44

Annual report 2022

Approved at the Company's annual general meeting on 17 July 2023

Chair of the meeting:

DocuSigned by:

.....CSB34D4BAFC7403.....
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 2022.

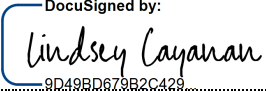
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 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 fair review of the matters discussed in the Management's review.

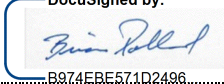
We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 17 July 2023
Executive Board:

DocuSigned by:

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Lindsey Marie Cayanan
Director

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Declan Michael Fitzpatrick
Director

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Brian Alan Pollard
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 2022, 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 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' 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, 17 July 2023
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	Lindsey Marie Cayanan, Director Declan Michael Fitzpatrick, Director Brian Alan Pollard, 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 2022 shows a profit of DKK 3,227,444 against a profit of DKK 1,921,033 last year, and the balance sheet at 31 December 2022 shows equity of DKK 6,784,001.

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	2022	2021
	Gross profit	67,256,418	40,756,902
2	Staff costs	-62,864,442	-38,098,143
	Depreciation of property, plant and equipment	-64,877	0
	Profit before net financials	4,327,099	2,658,759
	Financial income	15,555	0
	Financial expenses	-126,821	-130,921
	Profit before tax	4,215,833	2,527,838
3	Tax for the year	-988,389	-606,805
	Profit for the year	<u>3,227,444</u>	<u>1,921,033</u>
	 Recommended appropriation of profit		
	Retained earnings	<u>3,227,444</u>	<u>1,921,033</u>
		<u>3,227,444</u>	<u>1,921,033</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2022	2021
	ASSETS		
	Fixed assets		
4	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	211,304	0
	Property, plant and equipment under construction	87,500	0
		<u>298,804</u>	<u>0</u>
5	Investments		
	Deposits, investments	295,065	226,347
		<u>295,065</u>	<u>226,347</u>
	Total fixed assets	<u>593,869</u>	<u>226,347</u>
	Non-fixed assets		
	Receivables		
	Receivables from group enterprises	20,785,502	12,564,649
6	Deferred tax assets	5,428	7,102
	Corporation tax receivable	2,548	0
	Prepayments	446,537	141,836
		<u>21,240,015</u>	<u>12,713,587</u>
	Cash	<u>2,731,433</u>	<u>2,549,488</u>
	Total non-fixed assets	<u>23,971,448</u>	<u>15,263,075</u>
	TOTAL ASSETS	<u><u>24,565,317</u></u>	<u><u>15,489,422</u></u>

Financial statements 1 January - 31 December**Balance sheet**

Note	DKK	<u>2022</u>	<u>2021</u>
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	40,000	40,000
	Retained earnings	6,744,001	3,516,557
	Total equity	<u>6,784,001</u>	<u>3,556,557</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	258,513	121,643
	Corporation tax payable	32,099	32,099
	Other payables	17,490,704	11,316,969
	Deferred income	0	462,154
		<u>17,781,316</u>	<u>11,932,865</u>
	Total liabilities other than provisions	<u>17,781,316</u>	<u>11,932,865</u>
	TOTAL EQUITY AND LIABILITIES	<u>24,565,317</u>	<u>15,489,422</u>

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

Financial statements 1 January - 31 December**Statement of changes in equity**

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
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 1 January 2022	40,000	3,516,557	3,556,557
Transfer through appropriation of profit	0	3,227,444	3,227,444
Equity at 31 December 2022	40,000	6,744,001	6,784,001

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Fortinet Denmark ApS for 2022 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.

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)

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	3-5 years
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Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and 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

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Property, plant and equipment under construction are measured at cost. Depreciations will not be made until the construction is finished.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

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

Receivables are measured at amortised cost.

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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	2022	2021	
2 Staff costs			
Wages/ salaries	59,392,389	35,724,163	
Pensions	3,009,721	1,927,810	
Other social security costs	142,141	191,498	
Other staff costs	320,191	254,672	
	62,864,442	38,098,143	
 Average number of full-time employees	32	21	
3 Tax for the year			
Estimated tax charge for the year	986,715	603,661	
Deferred tax adjustments in the year	1,674	3,144	
	988,389	606,805	
 4 Property, plant and equipment			
DKK	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construction	Total
Additions	276,181	87,500	363,681
Cost at 31 December 2022	276,181	87,500	363,681
Depreciation	64,877	0	64,877
Impairment losses and depreciation at 31 December 2022	64,877	0	64,877
Carrying amount at 31 December 2022	211,304	87,500	298,804
 5 Investments			
DKK		Deposits, investments	
Cost at 1 January 2022		226,347	
Additions		68,718	
Cost at 31 December 2022		295,065	
Carrying amount at 31 December 2022		295,065	

Financial statements 1 January - 31 December**Notes to the financial statements****6 Deferred tax assets**

The deferred tax asset of DKK 5.428 (DKK 7.102 in 2021) consists of temporary differences relating to fixed assets and is expected to be reversed in the coming financial years.

7 Contractual obligations and contingencies, etc.**Other financial obligations**

Other rent liabilities:

DKK	2022	2021
Rent liabilities	1,391,036	1,152,700

Rent and lease liabilities include a rent obligation totalling DKK 1.391.036 in interminable rent agreements with remaining contract terms of 7-11 months.

8 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2022.

9 Related parties**Information about consolidated financial statements**

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

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Jerrik Olsen

State Authorized Public Accountant

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