

Microsoft 3366 Denmark ApS

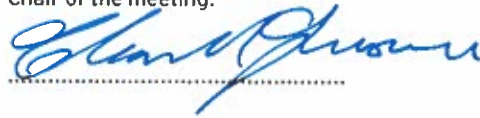
Kanalvej 7, 2800 Kongens Lyngby

CVR no. 42 11 94 07

Annual report 2023/24

Approved at the Company's annual general meeting on 12 December 2024

Chair of the meeting:



Chantal Pernille Patel

Advokat

Gorrissen Federspiel

Advokatpartnerselskab

Axeltorv 2

1609 København V

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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Microsoft 3366 Denmark ApS for the financial year 1 July 2023 - 30 June 2024.

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 30 June 2024 and of the results of the Company's operations for the financial year 1 July 2023 - 30 June 2024.

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.

Lyngby-Taarbæk,
Executive Board:


Mette Louise Kaagaard
Director
Keith Dolliver
Director
Benjamin Drørdorff
Director

Independent auditor's report

To the shareholder of Microsoft 3366 Denmark ApS

Opinion

We have audited the financial statements of Microsoft 3366 Denmark ApS for the financial year 01 July 2023 - 30 June 2024, 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 30 June 2024, and of the results of its operations for the financial year 01 July 2023 - 30 June 2024 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 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 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.

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 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's commentary

Management is responsible for the management commentary.

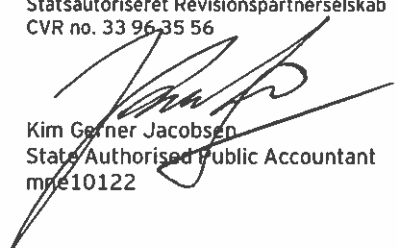
Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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.

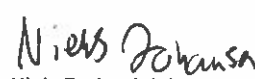
Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 2.12.2024
Deloitte
Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56



Kim Gerner Jacobsen
State Authorised Public Accountant
mne10122



Niels Frøland Johansen
State Authorised Public Accountant
mne50624

Management's review

Company details

Name	Microsoft 3366 Denmark ApS
Address, Postal code, City	Kanalvej 7, 2800 Kongens Lyngby
CVR no.	42 11 94 07
Established	11 February 2021
Registered office	Lyngby-Taarbæk
Financial year	1 July 2023 - 30 June 2024
Website	www.microsoft.com
Executive Board	Mette Louise Kaagaard, Director Keith Dolliver, Director Benjamin Orndorff, Director
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6, 2300 København S

Management's review

Business review

Microsoft 3366 Denmark ApS("the company") was incorporated on 11 February 2021. The company has its office located in Copenhagen and is wholly owned subsidiary of Microsoft Ireland Operations Ltd.

The company is principally involved in the provision of datacentre services that supports Microsoft's online services. These activities include ownership and management of servers and related supporting online infrastructure. The servers maintained in the data centre in Denmark contains a mixture of content and software to be delivered electronically to customers.

The company has 3 data centers under construction as of 30 June 2024, each with different completion timelines.

Financial review

The company had recorded a profit before taxation of DKK 8,128 thousands (Prior year 2023: DKK 7,635 thousands).

The company had net assets at 30 June 2024 of DKK 1,503,832 thousands (30 June 2023: DKK 1,497,290 thousands).

Turnover/Revenue

Revenue consists of intra group commission based on cost plus a mark-up.

Events after the balance sheet date

No events have occurred after the balance sheet date that would impact significantly on the financial statements.

Financial statements 1 July 2023 - 30 June 2024

Income statement

Note	DKK'000	2023/24	2022/23
	Revenue	143,952	28,114
2	Production costs	-74,939	-26,171
	Gross profit	69,013	1,943
	Administrative expenses	-346	-242
	Operating profit	68,667	1,701
	Other operating income	1	0
	Profit before net financials	68,668	1,701
3	Financial income	1,273	6,685
4	Financial expenses	-61,813	-751
	Profit before tax	8,128	7,635
5	Tax for the year	-1,586	-1,566
	Profit for the year	6,542	6,069
Recommended appropriation of profit			
	Retained earnings	6,542	6,069
		6,542	6,069

Financial statements 1 July 2023 - 30 June 2024

Balance sheet

Note	DKK'000	2023/24	2022/23
	ASSETS		
	Non-current assets		
6	Property, plant and equipment		
	Land and buildings	407,673	407,673
	Other fixtures and fitting, tool and equipment	246,289	28,234
	Leasehold improvements	488	7
	Property, plant and equipment under construction	6,110,141	2,916,950
		<u>6,764,591</u>	<u>3,352,864</u>
	Total non-current assets	<u>6,764,591</u>	<u>3,352,864</u>
	Current assets		
	Receivables		
	Receivables from group entities	134,260	371,190
	Income tax receivable	9,230	0
	Other receivables	164,395	235,162
		<u>307,885</u>	<u>606,352</u>
	Total current assets	<u>307,885</u>	<u>606,352</u>
	TOTAL ASSETS	<u>7,072,476</u>	<u>3,959,216</u>

Financial statements 1 July 2023 - 30 June 2024

Balance sheet

Note	DKK'000	2023/24	2022/23
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	40	40
	Retained earnings	1,503,792	1,497,250
	Dividend proposed	0	0
	Total equity	1,503,832	1,497,290
	Liabilities		
7	Non-current liabilities		
	Deferred tax	11,646	763
	Payables to group entities	4,761,389	1,650,499
	Total non-current liabilities	4,773,035	1,651,262
	Current liabilities		
	Trade payables	791,008	808,209
	Income tax payable	1,045	886
	Other payables	3,556	1,569
	Total current liabilities	795,609	810,664
	Total liabilities	5,568,644	2,461,926
	TOTAL EQUITY AND LIABILITIES	7,072,476	3,959,216

- 1 Accounting policies
- 8 Contractual obligations and contingencies, etc.
- 9 Security and collateral
- 10 Related parties

Financial statements 1 July 2023 - 30 June 2024

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Dividend proposed	Total
Equity at 1 July 2022	40	1,491,181	980	1,492,201
Transfer through appropriation of profit	0	6,069	0	6,069
Dividend distributed	0	0	-980	-980
Equity at 1 July 2023	40	1,497,250	0	1,497,290
Transfer through appropriation of profit	0	6,542	0	6,542
Equity at 30 June 2024	40	1,503,792	0	1,503,832

Financial statements 1 July 2023 - 30 June 2024

Notes to the financial statements

1 Accounting policies

The annual report of Microsoft 3366 Denmark ApS for 2023/24 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 presentation of Annual report for the year ended 30 June 2024 follows an IFRS presentation of the Statement of financial position.

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

Material misstatements

Material errors in previous years are a result of the incorrect classification of accrual balances. Reclassifications have been made to the comparative figures for 2022/23 in order to strengthen the true and fair view of the annual report. The reclassifications have no effect on results before tax, results for the year or equity. The impact of the change on comparative figures is an increase of DKK 580,671 thousand for trade payables and a corresponding decrease to other payables.

Basis of recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event and it is probable that future economic benefits will flow out of the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

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 closing rates. 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

Property, plant and equipment, intangible assets and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Financial statements 1 July 2023 - 30 June 2024

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

Revenue consists of intra group commission based on cost plus a mark-up.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of consumables and production staff, rent and leases, as well as depreciation on production plant.

Administrative expenses

Administrative expenses comprise costs incurred in the year to manage and administer the Company, including expenses related to administrative staff, management, office premises, office expenses as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Company.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of non-current assets.

Financial income and expenses

Financial income and expenses comprises interests, including those to group entities net capital losses on transactions in foreign currencies as well as tax surcharges under the Danish Tax Prepayment Scheme, etc.

Tax

The Company is covered by the Danish rules on compulsory joint taxation. The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the administrative company according to the current rates applicable to interest allowances, and jointly taxed companies which do not pay their due taxes, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the administrative company.

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.

Financial statements 1 July 2023 - 30 June 2024

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Land and buildings, fixtures and fittings, tools and equipment, as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition, and preparation costs of the asset until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	15 years
Other fixtures and fittings, tools and equipment	3 to 6 years
Computers (excl. servers)	Fully depreciated in month of acquisition
Leasehold improvements	Over the agreed lease period, not to exceed 10 years

Property, plant and equipment under construction are measured at cost.

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".

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is indication of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

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

Receivables are measured at amortised cost, usually equaling nominal value less provisions for bad debts. Provisions for bad debts are calculated on the basis of an assessment of the expected collectibility. Trade receivables with a due date greater than 12 months are considered as a long-term receivable and are classed as Other non-current assets in the balance sheet.

Financial statements 1 July 2023 - 30 June 2024

Notes to the financial statements

1 Accounting policies (continued)

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income tax and deferred tax

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

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Income tax receivable" or "Income tax payable".

Deferred tax assets, including the tax base of tax loss carry-forwards, 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 and jurisdiction.

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.

Liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Financial statements 1 July 2023 - 30 June 2024

Notes to the financial statements

DKK'000	2023/24	2022/23
2 Staff costs		
Wages/salaries	16,689	6,446
Pensions	1,375	535
Other social security costs	118	26
Other staff costs	22	0
	18,204	7,007
Staff costs are recognised as follows in the financial statements:		
Production costs	18,204	7,007
	18,204	7,007
Average number of full-time employees	17	5
3 Financial income		
Interest receivable, group entities	1,273	6,685
	1,273	6,685
4 Financial expenses		
Interest expenses, group entities	60,019	707
Exchange losses	1,794	44
	61,813	751
5 Tax for the year		
Estimated tax charge for the year	-9,230	1,113
Deferred tax adjustments in the year	10,884	453
Tax adjustments, prior years	-68	0
	1,586	1,566

The estimated tax receivable for the year DKK 9,230 thousand is due after 1 year from the balance sheet date.

Financial statements 1 July 2023 - 30 June 2024

Notes to the financial statements

6 Property, plant and equipment

DKK'000	Land and buildings	Other fixtures and fitting, tool and equipment	Leasehold improvements	Property, plant and equipment under construction	Total
Cost at 1 July 2023	407,673	39,532	16	2,916,950	3,364,171
Additions	0	230,694	487	3,193,191	3,424,372
Disposals	0	-39	0	0	-39
Cost at 30 June 2024	407,673	270,187	503	6,110,141	6,788,504
Impairment losses and depreciation at 1 July 2023	0	11,298	9	0	11,307
Depreciation	0	12,639	6	0	12,645
Reversal of accumulated depreciation and impairment of assets disposed	0	-39	0	0	-39
Impairment losses and depreciation at 30 June 2024	0	23,898	15	0	23,913
Carrying amount at 30 June 2024	407,673	246,289	488	6,110,141	6,764,591

7 Non-current liabilities

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

8 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is covered by the Danish rules on compulsory joint taxation and has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties in the joint taxation unit, where Microsoft Danmark ApS serves as the administration company. At 30 June 2024, the net taxes payable to the Danish Tax Agency by the companies included in the joint taxation amounted to DKK 51,136 thousand. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail that the companies' liability will increase.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2023/24	2022/23
Rent and lease liabilities	13,424	18,872

Microsoft 3366 Denmark ApS has entered lease agreements regarding leased premises. The contracts have remaining terms of 1-35 months, with a total obligation of DKK 13,4 million pr. June 30 2024.

Financial statements 1 July 2023 - 30 June 2024

Notes to the financial statements

9 Security and collateral

The Company has not provided any security or other collateral in assets at 30 June 2024.

10 Related parties

Microsoft 3366 Denmark ApS' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Microsoft Ireland Operations Limited	70 Sir Rogerson's Quay, Dublin 2, Ireland	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Microsoft Corporation	Redmond, WA, USA	www.microsoft.com