

Avaya Denmark ApS

Ørestads Boulevard 73

2300 København S

CVR No. 25448790

Annual Report

1 October 2016 - 30 September 2017

17. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 20 February 2018

Peter Ole Jensen
Chairman

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Management's Statement

Today, Management has considered and adopted the Annual Report of Avaya Denmark ApS for the financial year 1 October 2016 - 30 September 2017.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 30 September 2017 and of the results of the Company's operations for the financial year 1 October 2016 - 30 September 2017.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 20 February 2018

Executive Board

Roland Arnoldus Cornelus van de
Geer

Man. Director

Supervisory Board

Peter Ole Jensen

Chairman

Roland Arnoldus Cornelus van de
Geer

Man. Director

Julien Pierre Henry Hannequart

Independent Auditor's Report

To the shareholders of Avaya Denmark ApS

Opinion

We have audited the financial statements of Avaya Denmark ApS for the financial year 1 October 2016 - 30 September 2017, which comprise an income statement, balance sheet, notes and 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 financial position of the Company at 30 September 2017 and of the results of the Company operations for the financial year 1 October 2016 - 30 September 2017 in accordance with the Danish Financial Statements Act.

Basis of 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.

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.

Management's responsibility 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.

The auditor's responsibility 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,

Independent Auditor's Report

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:

- * 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.

Copenhagen, 20 February 2018

BDO

Statsautoriseret Revisionsaktieselskab

CVR-no. 20222670

Brian Olsen Halling

State Authorised Public Accountant

mne32094

Company details

Company	Avaya Denmark ApS Ørestads Boulevard 73 2300 København S
Telephone	70279901
Telefax	70729902
CVR No.	25448790
Date of formation	14 June 2000
Registered office	København
Financial year	1 October 2016 - 30 September 2017
Supervisory Board	Peter Ole Jensen, Chairman Roland Arnoldus Cornelus van de Geer, Man. Director Julien Pierre Henry Hannequart
Executive Board	Roland Arnoldus Cornelus van de Geer, Man. Director
Auditors	BDO Statsautoriseret Revisionsaktieselskab Havneholmen 29 1561 København V CVR-no.: 20222670

Management's Review

The Company's principal activities

Avaya is a leading global provider of next-generation business collaboration and communications solutions, providing unified communications, real-time video collaboration, contact center and data solutions, and related services to companies of all sizes around the world.

Enterprises of all sizes depend on Avaya for state-of-the-art communications that improve efficiency, collaboration, customer service and competitiveness. Avaya works mainly in Education, Financial Services, Healthcare, State and Local Government, and Hospitality industry verticals.

Avaya in the Nordics predominantly works through channel partners. The main partners in the region are Westcon (distributor), TDC (Denmark), Tele2 (Sweden), Telia/Cygate (Sweden), NetNordic (acquired IPnett) and Atea (Norway).

Development in activities and financial matters

The Company's Income Statement of the financial year 1 October 2016 - 30 September 2017 shows a result of DKK 1.113.043 and the Balance Sheet at 30 September 2017 a balance sheet total of DKK 20.857.047 and an equity of DKK 12.008.670.

Avaya continues to focus on innovation, openness and integration. Avaya is one of the leaders in the Contact Center and Unified Communications market and is an important player in the Cloud infrastructure market space with products that outperforms well established competitors. There has been a significant focus on virtualization and cloud solutions which fits well into the Avaya strategy and roadmap.

The parent entity Avaya Inc. filed a voluntary petition in January 2017 under Chapter 11 of the US Bankruptcy Code with the objective to restructure its Balance Sheet. Avaya continued normal operations and the Nordic entities were not directly impacted. Avaya successfully emerged from Chapter 11 on the 15 December 2017.

On 07 March 2017, Extreme Networks Inc. agreed to acquire from Avaya Inc. certain assets and liabilities related to Avaya's Networking business globally for approximately USD 100 million. The global Asset Purchase Agreement was executed by both parties at that date. The transaction was closed on the 14 July 2017, with the signing of the global Closing Agreement. This agreement identified certain entities that closed on 14 July 2017 and certain entities that were local 'Deferred Closing' entities. Avaya Denmark ApS has a deferred closing date until sometime in 2018. The sale in Avaya Denmark ApS relates to inventory and maintenance revenue contracts. It will continue its reseller and market support activities relating to the Networking business until local close. The Regional Headcount is expected to remain flat year over year.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Ownership

The Company is a fully owned subsidiary of Avaya International Enterprises Ltd.

Management's Review

Expectations for the future

Avaya continues to operate in a highly competitive business environment with ongoing consolidation of communications vendors and customers. Enterprises are focusing on building an efficient and open communication infrastructure to support the business by enhancing communication and customer service while reducing costs. Industry growth in 2017 was driven primarily by up selling and upgrading the installed base and by selling new infrastructure and collaboration solutions.

Avaya is positioned for growth with strong offerings in the rapidly expanding areas of Contact Center solutions, enterprise mobility, collaboration and cloud offers in midmarket. Avaya continues to invest in innovation to meet the demands of customers today and into the future. R&D investment (16% of product revenue) is above the industry average, as we work closely with our customers and partners to shape the future of collaboration.

Accounting Policies

Reporting Class

The Annual Report of Avaya Denmark ApS for 2016/2017 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

General Information

Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Accounting Policies

Income Statement

Gross profit/loss

The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit contains revenue, other operating income and other external expenses.

Revenue

Income from delivery of services is recognised as revenue as the service is delivered.

Other operating income

Other operating income comprise items of a secondary nature to the principal activity of the Company.

Raw materials and consumables

Costs for raw materials and consumables comprise purchase of goods and services for resale.

Other external expenses

Other external expenses comprise expenses regarding sale and administration.

Other operating expenses

Other operating expenses comprise items of a secondary nature to the activities of the enterprises, including loss on sale of intangible and tangible assets.

Staff expenses

Staff expenses comprise wages and salaries, pensions and social security costs.

Other staff expenses are recognised in other external expenses.

Amortisation and impairment of tangible assets

Amortisation and impairment of tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-10 years	0%

Profit or loss resulting from the sale of tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding debt and foreign currency transactions as well as surcharges and allowances under the tax repayment scheme.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Accounting Policies

Balance Sheet

Tangible assets

Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

An impairment test of tangible assets is performed in the event of indications of a decrease in value. The impairment test is performed for each individual asset and group of assets, respectively. The assets are written down to the higher of the asset's or asset group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

Inventories

Inventories are measured at cost on the basis of the FIFO principle or at the net realisable value if the latter is lower.

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents

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

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Financial liabilities

Financial liabilities are measured at amortised cost which usually corresponds to the nominal value.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Other liabilities

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

Accruals and deferred income, equity and liabilities

Accruals and deferred income entered as liabilities consist of payments received regarding income in the subsequent financial years.

Accounting Policies

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Income Statement

	Note	2016/2017 kr.	2015/2016 kr.
Gross profit		8.880.508	9.984.181
Employee benefits expense	1	-6.872.637	-9.342.354
Depreciation, amortisation expense and impairment losses of property, plant and equipment recognised in profit or loss		-325.096	-345.959
Other operating expenses		0	-20.451
Profit from ordinary operating activities		1.682.775	275.417
Finance income		814.795	574.639
Finance expences		-1.043.207	-585.296
Profit from ordinary activities before tax		1.454.363	264.760
Tax expense on ordinary activities	2	-341.320	-78.821
Profit		1.113.043	185.939
Proposed distribution of results			
Retained earnings		1.113.043	185.939
		1.113.043	185.939

Balance Sheet as of 30 September

	Note	2017 kr.	2016 kr.
Assets			
Fixtures, fittings, tools and equipment		367.416	692.512
Property, plant and equipment		367.416	692.512
Deposits, investments		72.979	67.309
Investments		72.979	67.309
Fixed assets		440.395	759.821
Raw materials and consumables		34.049	37.705
Inventories		34.049	37.705
Short-term trade receivables		3.034.639	3.775.230
Short-term receivables from group enterprises		11.946.711	13.737.329
Deferred income		180.721	87.649
Current deferred tax		91.037	37.529
Receivables		15.253.108	17.637.737
Cash and cash equivalents		5.129.495	1.172.145
Current assets		20.416.652	18.847.587
Assets		20.857.047	19.607.408

Balance Sheet as of 30 September

	Note	2017 kr.	2016 kr.
Liabilities and equity			
Contributed capital	3	125.000	125.000
Retained earnings	4	11.883.670	10.770.627
Equity		12.008.670	10.895.627
Trade payables		442.957	318.794
Payables to group enterprises		2.472.687	2.383.272
Tax payables		501.111	180.284
Other payables		1.734.172	1.711.120
Deferred income, liabilities		3.697.450	4.118.311
Short-term liabilities other than provisions		8.848.377	8.711.781
Liabilities other than provisions within the business		8.848.377	8.711.781
Liabilities and equity		20.857.047	19.607.408
Related parties	5		
Contingent liabilities	6		

Notes

1. Employee benefits expense

	2016/2017	2015/2016
Wages and salaries	6.304.930	8.517.903
Post-employment benefit expense	553.696	804.444
Social security contributions	14.011	20.007
	6.872.637	9.342.354
Average number of employees	6	9

2. Tax expense

	2016/2017	2015/2016
Computed tax on taxable income for the year	394.827	109.721
Adjustment of deferred tax	-53.507	-30.900
	341.320	78.821

3. Contributed capital

	2017	2016
Balance at the beginning of the year	125.000	125.000
Balance at the end of the year	125.000	125.000

The share capital consists of 125 shares of DKK 1.000. Shares are not divided into classes.

The share capital has remained unchanged for the last 5 years.

4. Retained earnings

	2017	2016
Balance at the beginning of the year	10.770.627	10.584.688
Additions during the year	1.113.043	185.939
Balance at the end of the year	11.883.670	10.770.627

5. Related parties

The consolidated financial statements of ultimate parent company can be ordered at the following address: Sierra Asia Pacific Inc, 211, Mount Airy Road, Basking Ridge, NJ 07920, USA.

6. Contingent liabilities

The company has made a lease commitment that has an interterminal period of 3 months. Total liability for payment of rent amounts to TDKK 196.