

Avaya Denmark ApS

Ørestads Boulevard 73, 2300 København V

Company reg. no. 25 44 87 90

Annual report

1 October 2019 - 30 September 2020

The annual report was submitted and approved by the general meeting on the 24 February 2021.

Roland Arnoldus Cornelus Van De Geer
Chairman of the meeting

Contents

Page

Reports

- 1 Management's report
- 2 Independent auditor's report

Management commentary

- 5 Company information
- 6 Management commentary

Financial statements 1 October 2019 - 30 September 2020

- 7 Accounting policies
- 11 Income statement
- 12 Statement of financial position
- 14 Notes

Notes:

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

Management's report

Today, the board of directors and the managing director have presented the annual report of Avaya Denmark ApS for the financial year 1 October 2019 - 30 September 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 30 September 2020 and of the company's results of activities in the financial year 1 October 2019 – 30 September 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

København V, 24 February 2021

Managing Director

Roland Arnoldus Cornelus Van De Geer
Man. Director

Board of directors

Roland Arnoldus Cornelus Van De Geer
Chairman

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 2019 - 30 September 2020, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 30 September 2020 and of the results of the company's activities for the financial year 1 October 2019 - 30 September 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 24 February 2021

BDO

Statsautoriseret Revisionsaktieselskab
Company reg. no. 20 22 26 70



Brian Olsen Halling

State Authorised Public Accountant
mne32094

Company information

The company

Avaya Denmark ApS
Ørestads Boulevard 73
2300 København V

Phone 70279901

Fax 70729902

Company reg. no. 25 44 87 90

Established: 14 June 2000

Domicile: København

Financial year: 1 October - 30 September

Board of directors

Roland Arnoldus Cornelus Van De Geer, Chairman
Julien Pierre Henry Hannequart

Managing Director

Roland Arnoldus Cornelus Van De Geer, Man. Director

Auditors

BDO, Statsautoriseret Revisionsaktieselskab

Management commentary

The principal activities of the company

Avaya is a leading global provider of next generation business collaboration and communications solutions, providing unified communications, realtime video collaboration, contact center, 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 / NetDesign and Jansson (Denmark), Tele2 (Sweden), Telia/Cygate (Sweden), NetNordic (acquired IPnett) and Atea (Norway).

Development in activities and financial matters

The gross profit for the year totals DKK 8.001.708 against DKK 7.938.701 last year. Income or loss from ordinary activities after tax totals DKK -750.565 against DKK 24.589 last year.

Avaya continues to focus on innovation, openness and integration of solutions. 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 outperform well established competitors. There has been a significant focus on virtualization and cloud solutions which fits well into the Avaya strategy and roadmap.

The Regional Headcount is expected to remain flat year over year.

Expected developments

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 is driven primarily by the transition to the Cloud.

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

Events occurring after the end of the financial year

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

Accounting policies

The annual report for Avaya Denmark ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises.

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

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Accounting policies

Income statement

Gross profit

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 comprises the revenue other operating income and external costs.

Revenue

Income from contracts are recognised as revenue as production is carried out whereby revenue corresponds to the selling price of the work performed for the year.

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 costs comprise costs incurred sales and administration.

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.

Accounting policies

Interest and other costs concerning loans to finance the production of intangible assets and property, plant, and equipment, and relating to production periods are not recognised in the cost of non-current assets.

Tax on net profit or 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.

Statement of financial position

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.

Investments

Deposits

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

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

Contract work in progress

Contract work in progress is measured at the selling price of the work performed less invoicing on account and expected losses.

The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual contracts. The stage of completion is calculated as the share of costs incurred proportional to the estimated total costs of the individual contract.

Accounting policies

When the selling price of a contract cannot be reliably determined, it is measured solely as costs incurred, or at the net realisable value, if this is lower.

Contracts are recognised as trade receivables if the selling price of the work performed exceeds the invoicing on account and expected losses. Contracts are recognised as liabilities if the invoicing on account and expected losses exceed the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Deferred income, assets

Deferred 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.

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

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.

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.

Income statement 1 October - 30 September

All amounts in DKK.

Note	2019/20	2018/19
Gross profit	8.001.708	7.938.701
1 Staff costs	-7.908.422	-7.357.606
Depreciation and writedown relating to fixed assets	-103.977	-156.703
Profit from ordinary operating activities	-10.691	424.392
Other financial income	410.731	502.952
Other financial costs	-1.359.226	-978.336
Pre-tax net profit or loss	-959.186	-50.992
2 Tax on net profit or loss for the year	208.621	75.581
Net profit or loss for the year	-750.565	24.589
Proposed appropriation of net profit:		
Transferred to retained earnings	0	24.589
Allocated from retained earnings	-750.565	0
Total allocations and transfers	-750.565	24.589

Statement of financial position at 30 September

All amounts in DKK.

Assets			
<u>Note</u>		<u>2020</u>	<u>2019</u>
Non-current assets			
	Fixtures, fittings, tools and equipment	109.129	141.010
	Total property, plant, and equipment	109.129	141.010
	Deposits	138.964	138.964
	Total investments	138.964	138.964
	Total non-current assets	248.093	279.974
Current assets			
	Raw materials and consumables	31.558	26.127
	Total inventories	31.558	26.127
	Trade receivables	1.167.534	925.237
3	Contract work in progress	57.229	821.836
	Receivables from group enterprises	868.413	5.262.550
	Deferred tax assets	254.907	61.026
	Receivable corporate tax	196.000	0
	Prepayments and accrued income	642.411	2.604.660
	Total receivables	3.186.494	9.675.309
	Available funds	28.412.094	17.564.516
	Total current assets	31.630.146	27.265.952
	Total assets	31.878.239	27.545.926

Statement of financial position at 30 September

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2020</u>	<u>2019</u>
Equity			
4	Contributed capital	125.000	125.000
5	Retained earnings	11.779.238	12.529.803
	Total equity	11.904.238	12.654.803
Liabilities other than provisions			
6	Other payables	680.655	42.218
	Total long term liabilities other than provisions	680.655	42.218
3	Contract work in progress	688.682	0
	Trade payables	479.130	536.406
	Debt to group enterprises	5.826.935	3.449.796
	Income tax payable	0	26.188
	Other payables	3.386.646	2.273.800
	Accruals and deferred income	8.911.953	8.562.715
	Total short term liabilities other than provisions	19.293.346	14.848.905
	Total liabilities other than provisions	19.974.001	14.891.123
	Total equity and liabilities	31.878.239	27.545.926
7	Contingencies		
8	Related parties		

Notes

All amounts in DKK.

	2019/20	2018/19
1. Staff costs		
Salaries and wages	7.284.958	6.736.077
Pension costs	607.875	606.003
Other costs for social security	15.589	15.526
	7.908.422	7.357.606
Average number of employees	7	7
2. Tax on net profit or loss for the year		
Tax of the results for the year, parent company	-14.740	-76.350
Adjustment for the year of deferred tax	-193.881	769
	-208.621	-75.581
3. Contract work in progress		
Sales value of the production of the period	223.517	821.836
Payments on account received	-854.970	0
Contract work in progress, net	-631.453	821.836
The following is recognised:		
Work in progress for the account of others (Current assets)	57.229	821.836
Work in progress for the account of others (Short-term liabilities)	-688.682	0
	-631.453	821.836
	30/9 2020	30/9 2019
4. Contributed capital		
Contributed capital 1 October 2019	125.000	125.000
	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.

Notes

All amounts in DKK.

	<u>30/9 2020</u>	<u>30/9 2019</u>
5. Retained earnings		
Retained earnings 1 October 2019	12.529.803	12.505.087
Correction at the beginning of the year	0	127
Profit or loss for the year brought forward	<u>-750.565</u>	<u>24.589</u>
	<u>11.779.238</u>	<u>12.529.803</u>
6. Other payables		
Total other payables	1.289.571	925.796
Share of amount due within 1 year	<u>-608.916</u>	<u>-883.578</u>
Total other payables	<u>680.655</u>	<u>42.218</u>
7. Contingencies		
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-		
8. Related parties		
Consolidated financial statements		
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		