

SecureLink Denmark A/S

Roskildevej 522

2605 Brøndby

Business Registration No

29776555

Annual report 2018

The Annual General Meeting adopted the annual report on 31.05.2019

Chairman of the General Meeting

Name: Johan Andersson

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2018	8
Balance sheet at 31.12.2018	9
Statement of changes in equity for 2018	11
Cash flow statement 2018	12
Notes	13
Accounting policies	17

Entity details

Entity

SecureLink Denmark A/S

Roskildevej 522

2605 Brøndby

Central Business Registration No (CVR): 29776555

Registered in: Brøndby

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Johan Andersson, Chairmann

Marc Celina Francois Goegebuer

Mårten Carl Göran Toll Söderblom

Executive Board

Mårten Carl Göran Toll Söderblom, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of SecureLink Denmark A/S for the financial year 01.01.2018 - 31.12.2018.

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 Entity's financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Brøndby, 31.05.2019

Executive Board



Mårten Carl Göran Toll Söderblom

Board of Directors

Johan Andersson

Chairman

Marc Celina Francois
Goegebuer



Mårten Carl Göran Toll
Söderblom

Independent auditor's report

To the shareholders of SecureLink Denmark A/S

Opinion

We have audited the financial statements of SecureLink Denmark A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement 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 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018 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 of 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 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:

Independent auditor's report

- 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.
- 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 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 under the Danish Financial Statements Act.

Independent auditor's report

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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 31.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Jens Sejer Pedersen

State Authorised Public Accountant

Identification No (MNE) mne14986

Management commentary

	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000
Financial highlights					
Key figures					
Revenue	129.108	114.415	97.846	91.584	64.692
Gross profit/loss	29.488	26.966	20.616	22.514	21.297
Operating profit/loss	1.790	(1.451)	3.820	5.034	2.791
Net financials	883	(213)	269	94	(45)
Profit/loss for the year	2.072	(1.346)	3.173	3.881	2.034
Total assets	118.121	91.064	71.865	54.668	23.696
Investments in property, plant and equipment	0	0	33	114	22
Equity	10.070	7.998	9.344	11.158	7.276
Ratios					
Gross margin (%)	22,8	23,6	21,1	24,6	32,9
Net margin (%)	1,6	(1,2)	3,2	4,2	3,1
Return on equity (%)	22,9	(15,5)	31	42,1	32,5
Equity ratio (%)	8,5	8,8	13	20,4	30,7

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity

Management commentary

Primary activities

Main activities consist of implementation of Cybersecurity solutions and related consulting.

Development in activities and finances

2018 was a strong year for SecureLink Denmark with approximately 13% revenue growth compared to previous year. The increased revenues, and also the mix of revenues, generates an increase in gross profit contributing to a net income significantly better than last year.

Based on the outcome and actions taken during 2018, SecureLink Denmark A/S is looking forward to another year with a good result.

Events after the balance sheet date

On the 7th of May 2019, Orange S.A. signed an agreement to acquire all the shares of SL Bidco B.V., a parent company to SecureLink Denmark A/S. Orange is making this acquisition as part of the its Strategy to rapidly expand its presence in the Cybersecurity market. This transaction will also provide access for SecureLink to an expanded international customer base. The sale of the shares of SL Bidco B.V. is expected to complete by the end of Q2, beginning of Q3 2019, after all regulatory approvals have been obtained.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Revenue		129.108.069	114.414.913
Cost of sales		(89.502.063)	(79.611.349)
Other external expenses		(10.118.449)	(7.837.975)
Gross profit/loss		29.487.557	26.965.589
Staff costs	2	(27.682.393)	(28.362.876)
Depreciation, amortization and impairment losses	3	(15.082)	(53.903)
Operation profit/loss		1.790.082	(1.451.190)
Other financial income	4	884.095	449.626
Other financial expenses	5	(599)	(662.952)
Profit/loss before tax		2.673.578	(1.664.516)
Tax on profit/loss for the year	6	(601.937)	318.148
Profit/loss for the year	7	2.071.641	(1.346.368)

Balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK
Other fixtures and fittings, tools and equipment		8.444	23.527
Property, plant and equipment	8	8.444	23.527
Deposits		268.868	219.418
Prepayments		14.380.927	8.990.116
Fixed asset investments		14.649.795	9.209.534
Fixed assets		14.658.239	9.233.061
Trade receivables		61.774.536	39.974.721
Receivables from group enterprises		10.137.388	13.178.657
Deferred tax	9	1.103.000	1.718.789
Other receivables		101.518	407.974
Income tax receivable		412.000	0
Prepayments	10	23.317.761	18.126.074
Receivables		96.846.203	73.406.215
Cash		6.617.027	8.424.234
Current assets		103.463.230	81.830.449
Assets		118.121.469	91.063.510

Balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK
Contributed capital	11	679.095	679.095
Retained earnings		9.390.517	7.318.876
Equity		10.069.612	7.997.971
Prepayments	12	15.968.010	8.986.966
Other payables		3.719.685	0
Non-current liabilities other than provisions		19.687.695	8.986.966
Prepayments received from customers	13	32.858.579	28.222.810
Trade payables		43.802.811	36.575.446
Payables to group enterprises		0	26.475
Other payables		11.702.772	9.253.840
Current liabilities other than provisions		88.364.162	74.078.571
Liabilities other than provisions		108.051.857	83.065.537
Equity and liabilities		118.121.469	91.063.510
Events after the balance sheet date	1		
Financial instruments	14		
Group relations	16		

Statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	679.095	7.318.876	7.997.971
Profit/loss for the year	0	2.071.641	2.071.641
Equity end of year	679.095	9.390.517	10.069.612

Cash flow statement for 2018

	Notes	2018 DKK	2017 DKK
Operation profit/loss		1.790.082	(1.451.192)
Amortization, depreciation and impairment losses		15.082	53.903
Working capital changes	12	(4.034.417)	8.790.992
Cash flow from ordinary operation activities		(2.229.253)	7.393.703
Financial income received		884.095	449.626
Financial expenses paid		(599)	(662.952)
Income taxes refunded/paid		(412.000)	(413.500)
Cash flow from operation activities		(1.757.757)	6.766.877
Deposits		(49.450)	-
Cash flows from investing activities		(49.450)	-
Increase/decrease in cash and cash equivalents		(1.807.207)	6.766.877
Cash and cash equivalents beginning of year		8.424.234	1.657.357
Cash and cash equivalents end of year		6.617.027	8.424.234

Notes

1. Events after the balance sheet date

On the 7th of May 2019, Orange S.A. signed an agreement to an agreement to acquire all the shares of SL Bidco B.V., a parent company to SecureLink Denmark A/S. Orange is making this acquisition as part of the its Strategy to rapidly expand its presence in the Cybersecurity market. This transaction will also provide access for SecureLink to an expanded international customer base. The sale of the shares of SL Bidco B.V. is expected to complete by the end of Q2, beginning of Q3 2019, after all regulation approvals have been obtained

	2018 DKK	2017 DKK
2. Staff costs		
Wages and salaries	24.248.794	25.231.601
Pension costs	2.654.307	2.331.261
Other staff costs	779.292	800.014
	27.682.393	28.362.876
Number of employees at balance sheet date	30	26

	2018 DKK	2017 DKK
3. Depreciation, amortization and impairment losses		
Depreciation of property, plant and equipment	15.082	53.903
	15.082	53.903

	2018 DKK	2017 DKK
4. Other financial income		
Financial income arising from group enterprises	236.448	43.601
Exchange rate adjustments	647.647	406.025
	884.095	449.626

	2018 DKK	2017 DKK
5. Other financial expenses		
Other interest expenses	599	3.416
Exchange rate adjustments	0	659.536
	599	662.952

Notes

	2018 DKK	2017 DKK
6. Tax on profit/loss for the year		
Change in deferred tax	615.657	(332.000)
Adjustment concerning previous years	(13.720)	13.852
	601.937	(318.148)

	2018 DKK	2017 DKK
7. Proposed distribution of profit/loss		
Retained earnings	2.071.641	(1.346.368)
	2.071.641	(1.346.370)

	Other fixtures and fittings, tools and equipment DKK
8. Property, plant and equipment	
Cost beginning of year	485.931
Cost end of year	485.931
Depreciation and impairment losses beginning of year	(462.405)
Depreciation for the year	(15.082)
Depreciation and impairment losses end of year	(477.487)
Carrying amount end of year	8.444

Notes

	2018 DKK	2017 DKK
9. Deferred tax		
Property, plant and equipment	33.000	33.000
Tax losses carried forward	1.070.000	1.685.789
	1.103.000	1.718.789

Changes during the year

Beginning of year	1.718.789
Recognized in the income statement	(601.937)
End of year	1.103.000

10. Prepayments

Prepayments comprise incurred costs relating to subsequent financial year such as deferred cogs, subscriptions, rents and insurance.

	Number	Par value DKK	Nominal value DKK
11. Contributed capital			
A-shares	510.000	1	510.000
B-shares	169.095	1	169.095
	679.095		679.095

12. Prepayments

Prepayments received from customers relates to sold contracts with duration within one year from the balance sheet day.

13. Long-term prepayments received from customers

Long term prepayments received from customer relates to sold contracts with duration more than one year after balance sheet day.

Notes

14. Financial instruments

As part of hedging of sales and purchases the Company has entered into foreign exchange contracts regarding finalized transactions with their bank. The hedging is therefore composed of trade receivables and payables. The hedge transactions have been made in USD. As of December 31st 2018 the fair value regulation of the derivatives is a loss DKK 65 thousand, which has been recognized as part of the Company's other payables. As the hedge is a fair value regulation has been recognized in the income statement.

15. Transactions with related parties

In relation to the Danish Statement Act §98c, section 7 non-arm's length transactions with related parties should be disclosed. There has not been completed any transactions on non-arm's length with related parties in the financial year.

16. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

SL Bidco B.V., Trapezium 224, Slidrecht, The Netherlands.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Income statement Revenue

Revenue from the sale of manufactured goods and goods for resale is recognized in the income statement when delivery is made, and risk has passed to the buyer. Revenue from the sale of services is recognized in the income statement when delivery is made to the buyer. Revenue is recognized net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory write downs.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write downs of receivables recognized in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortization and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortization of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortization of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, suppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirectly attributable staff costs and amortization of intangible assets and depreciation of property, plant and equipment used in the development process are recognized in cost based on time spent on each asset.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognized in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
--	-----------

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortized cost, usually equaling nominal value less write-downs for bad and doubtful debts.

Accounting policies

Deferred tax

Deferred tax is recognized on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognized for amortization of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognized in the balance sheet at their estimated realizable value, either as a set-off against deferred tax liabilities or as net tax assets.

Income tax payable or receivable

Current tax payable or receivable is recognized in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognized on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Accounting policies

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loan.