

Orange Cyberdefense Denmark A/S

Roskildevej 522

2605 Brøndby

Business Registration No

29776555

Annual report 2021

The Annual General Meeting adopted the annual report on 23.06.2022

Chairman of the General Meeting

Name: Leif Gyllenberg

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Entity details

Entity

Orange Cyberdefense Denmark A/S

Roskildevej 522

2605 Brøndby

Central Business Registration No (CVR): 29776555

Registered in: Brøndby

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Leif Gyllenberg, Chairmann

Marc Celina Francois Goegebuer

Mårten Carl Göran Toll Söderblom

Executive Board

Mårten Carl Göran Toll Söderblom, Chief Executive Officer

Auditors

KPMG P/S

Dampfærgevej 28

2100 Copenhagen

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Orange Cyberdefense Denmark A/S for the financial year 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021.

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, 23.06.2022

Executive Board

Mårten Carl Göran Toll Söderblom

Board of Directors

Leif Gyllenberg
Chairman

Marc Celina Francois Goegebuer

Mårten Carl Göran Toll-Söderblom

Independent auditor's report

To the shareholder of Orange Cyberdefense Denmark A/S

Opinion

We have audited the financial statements of Orange Cyberdefense Denmark A/S for the financial year 1 January – 31 December 2021 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets liabilities and financial position at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2021 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 our report.

We are independent of the Company in accordance with the International Ethics Standards Board of Accountants' International 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 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, that 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.

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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 skepticism throughout the audit. We also

Independent auditor's report

- identify and assess the risks of material misstatement of the company 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review 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'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 the Management's review.

Copenhagen, 23 June 2022

KPMG

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 25 57 81 98

Jesper Bo Pedersen

State Authorised Public Accountant

MNE no. mne42778

Management commentary

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Financial highlights					
Key figures					
Revenue	204.729	188.988	158.368	129.108	114.415
Gross profit/loss	46.379	40.935	36.151	29.488	26.966
Operating profit/loss	5.164	2.738	3.478	1.790	(1.451)
Net financials	(179)	(3)	339	883	(213)
Profit/loss for the year	3.889	2.095	2.943	2.072	(1.346)
Total assets	128.457	126.257	127.053	118.121	91.064
Investments in property, plant and equipment	360	94	0	0	0
Equity	18.997	15.108	13.012	10.070	7.998
Ratios					
Gross margin (%)	22,7	21,7	22,8	22,8	23,6
Net margin (&)	1,9	1,1	1,9	1,6	(1,2)
Return on equity (%)	22,8	14,9	25,1	22,9	(15,5)
Equity ratio (%)	14,8	12	10,2	8,5	8,8

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2016" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Gros 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

2021 was another positive year for Orange Cyberdefense Denmark with significant revenue growth as well as an increase in profitability compared to previous year. Besides growth in product sales, we also saw a continued interest for our Managed Security Services as well as for Professional Services.

Based on the outcome and strategic actions taken during 2021, Orange Cyberdefense Denmark is looking forward to another year with increase 10% in revenue growth.

Events after the balance sheet date

The company has not to any significant extent been affected by Covid-19 during 2021. We have experienced delivery challenges, primarily due to chip shortage on specific hardware appliances. There is uncertainty about possible impacts during the first half of 2022, but the company's current assessment is that we will not see any significant impacts.

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement 2021

	Notes	2021 DKK	2020 DKK
Revenue		204.729.288	188.988.275
Cost of sales		(137.676.685)	(128.267.013)
Other external expenses		(20.673.271)	(19.786.488)
Gross profit/loss		46.379.332	40.934.774
Staff costs	2	(41.127.580)	(38.180.770)
Depreciation, amortization and impairment losses	3	(87.653)	(16.472)
Operation profit/loss		5.164.099	2.737.532
Other financial income	4	378.028	314.775
Other financial expenses	5	(556.667)	(317.819)
Profit/loss before tax		4.985.460	2.734.488
Tax on profit/loss for the year	6	(1.114.261)	(639.259)
Profit/loss for the year	7	3.871.199	2.095.229

Balance sheet at 31.12.2021

	<u>Notes</u>	<u>2021 DKK</u>	<u>2020 DKK</u>
Other fixtures and fittings, tools and equipment		350.333	77.826
Property, plant and equipment	8	350.333	77.826
Deposits		266.605	266.605
Fixed asset investments		266.605	266.605
Finished goods for resale		709.106	299.367
Inventories		709.106	299.367
Fixed assets		1.326.044	643.798
Trade receivables		81.974.271	72.213.123
Deferred tax	9	26.912	35.673
Prepayments	10	32.972.691	43.393.715
Receivables		114.973.874	115.642.511
Cash		12.184.117	9.971.040
Current assets		127.157.991	125.613.551
Assets		128.484.035	126.257.349

Balance sheet at 31.12.2021

	Notes	2021 DKK	2020 DKK
Contributed capital	11	679.095	679.095
Retained earnings		18.299.711	14.428.509
Equity		18.978.806	15.107.604
Prepayments	12	24.427.086	22.924.700
Other payables		8.213.810	4.873.201
Non-current liabilities other than provisions		32.640.896	27.797.901
Prepayments received from customers	13	22.669.333	36.527.934
Trade payables		42.763.712	24.242.953
Payables to group enterprise		3.476.257	2.349.183
Income tax payables		588.271	300.061
Other payables		7.366.760	19.931.713
Current liabilities other than provisions		76.864.333	83.351.844
Liabilities other than provisions		109.505.229	111.149.745
Equity and liabilities		128.484.035	126.257.349
Events after the balance sheet date	1		
Financial Instruments	15		
Unrecognized rental or lease agreements	16		
Transactions with related parties	17		
Group relations	18		

Statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	679.095	14.428.509	15.107.604
Profit/loss for the year	0	3.871.199	3.871.199
Equity end of year	679.095	18.299.708	18.978.803

Cash flow statement for 2021

	<u>Notes</u>	<u>2021 DKK</u>	<u>2020 DKK</u>
Operation profit/loss		5.164.099	2.737.532
Amortization, depreciation and impairment losses		87.653	16.472
Working capital changes	14	(1.919.117)	(7.194.923)
Cash flow from ordinary operation activities		3.332.635	(4.440.919)
Financial income received		378.028	314.775
Financial expenses paid		(556.667)	(317.819)
Income taxes refunded/paid		(583.008)	30.129
Cash flow from operation activities		2.570.988	(4.413.834)
Acquisition of property, plant and equipment		(360.160)	(94.298)
Deposits		0	(11.449)
Cash flows from investing activities		(360.160)	(105.747)
Increase/decrease in cash and cash equivalents		2.210.828	(4.519.581)
Cash and cash equivalents beginning of year		9.971.040	14.492.742
Currency transaction adjustments of cash and cash equivalents		2.246	(2.121)
Cash and cash equivalents end of year		12.184.117	9.971.040

Notes

1. Events after the balance sheet date

No events after the balance sheet date 2021.

	2021 DKK	2020 DKK
2. Staff costs		
Wages and salaries	35.847.632	33.129.222
Pension costs	5.122.664	4.233.976
Other staff costs	157.284	817.572
	42.127.580	38.180.770
 Number of employees at balance sheet date	 42	 37

Information on management remuneration has been omitted in accordance with the exemption provision in section 98 b (1) of the Annual Accounts Act. No. 3.

	2021 DKK	2020 DKK
3. Depreciation, amortization and impairment losses		
Depreciation of property, plant and equipment	87.653	16.472
	87.653	16.472

	2021 DKK	2020 DKK
4. Other financial income		
Financial income arising from group enterprises	4.123	19.635
Exchange rate adjustments	373.905	295.141
	378.028	314.775

	2021 DKK	2020 DKK
5. Other financial expenses		
Other interest expenses	(29.839)	(3.760)
Exchange rate adjustments	(526.828)	(314.059)
	(556.667)	(317.819)

Notes

	2021 DKK	2020 DKK
6. Tax on profit/loss for the year		
Change in deferred tax	8.761	193.327
Current tax	1.105.500	445.932
	1.114.261	639.259
	2021 DKK	2020 DKK
7. Proposed distribution of profit/loss		
Retained earnings	3.871.199	2.095.229
	3.871.199	2.095.229
		Other fixtures and fittings, tools and equipment DKK
8. Property, plant and equipment		
Cost beginning of year		580.229
Additions		360.160
Cost end of year		940.387
Depreciation and impairment losses beginning of year		(502.403)
Depreciation for the year		(87.653)
Depreciation and impairment losses end of year		(590.054)
Carrying amount end of year		350.333

Notes

	2021 DKK	2020 DKK
9. Deferred tax		
Property, plant and equipment	(32.514)	42.290
Tax losses carried forward	0	0
Accrued expenses	59.426	(6.617)
	26.912	35.673

Changes during the year

Beginning of year	35.673
Recognized in the income statement	(8.761)
End of year	26.912

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.

	2021 DKK	2020 DKK
14. Changes in working capital		
Increase/decrease inventories etc.	682.246	(299.367)
Increase/decrease in receivables	(668.637)	(3.706.614)
Increase/decrease in trade payables etc.	(1.932.726)	(3.188.942)
	(1.919.117)	(7.194.923)

Notes

15. 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 31.th 2021 the fair value regulation of the derivatives is a loss DKK 66 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.

16. Unrecognised rental and lease commitments, etc.

The Company is jointly taxed with Wirefree Services Denmark A/S and is jointly and severally liable with the other jointly taxed entities for the payment of income taxes, taxes on dividends and interests.

	2021 DKK	2020 DKK
Liabilities under rental or lease agreements.		
Until maturity in total		
Within 1 year	378.593	302.957
Within 1-5 year	95.481	0
	474.074	302.957

	2021 DKK	2020 DKK
17. Transactions with related parties		
Sale of equipment and services to Related Parties	2.690.230	364.489
Purchase of equipment and services from Related Parties	(9.224.847)	(6.783.669)
Income from centralized services to Related Parties	604.821	693.386
Other costs for centralized services from Related Parties	(8.001.995)	(10.010.819)

18. Group relations

Name and registered office of the Parent preparing consolidated financial statements
Orange SA, 78 rue Olivier de Serres, 75015 Paris, France.

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).

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 Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity 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 Entity, 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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in equity.

Income statement**Gross profit and loss**

Gross profit or loss comprises revenue, cost of sales and external expenses.

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.

Accounting policies

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.

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.

The Company is jointly taxed with Wirefree Services Denmark A/S and Orange Business Denmark A/S. The current Danish corporation tax is allocated in proportion to their taxable income (full absorption with refunds for tax losses). This means that companies with losses receive refunds from the other jointly taxed companies.

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 labor 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
--------------------------------------------------	-----------

Accounting policies

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

Inventories

Inventories are measured at the revenue of cost using the FIFO method and net realizable value.

Cost consists of purchase plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion and costs and costs incurrent to execute sale.

Receivables

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

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.

Accounting policies

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.

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.