

Orange Cyberdefense Denmark A/S

Roskildevej 522

2605 Brøndby

Business Registration No

29776555

Annual report 2020

The Annual General Meeting adopted the annual report on 23.06.2021

Chairman of the General Meeting

Name: Johan Staffan Andersson

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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: 01.01.2020 - 31.12.2020

Board of Directors

Johan Staffan 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 Orange Cyberdefense Denmark A/S for the financial year 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020.

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, 23.06.2021

Executive Board

Mårten Carl Göran Toll Söderblom

Board of Directors

Johan Staffan Andersson
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 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020 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, 23.06.2021

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Jens Sejer Pedersen

State Authorised Public Accountant

Identification No (MNE) mne14986

Management commentary

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
Financial highlights					
Key figures					
Gross profit/loss	40.935	36.151	29.488	26.966	20.616
Operating profit/loss	2.738	3.478	1.790	(1.451)	3.820
Net financials	-3	339	883	(213)	269
Profit/loss for the year	2.095	2.943	2.072	(1.346)	3.173
Total assets	126.257	127.053	118.121	91.064	71.865
Investments in property, plant and equipment	94	0	0	0	33
Equity	15.108	13.012	10.070	7.998	9.344
Ratios					
Return on equity (%)	14,90	25,1	22,9	(15,5)	31
Equity ratio (%)	11,97	10,2	8,5	8,8	13

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
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

2020 was another strong year for Orange Cyberdefense Denmark with double digit revenue growth compared to previous year. Besides increased product sales, we also saw a big demand for our Managed Security as well as for Professional Services.

Expected development

In 2021 we will increase our focus on Managed Security Services and deliver new and innovative services to the market. We foresee high single digit growth in 2021 and anticipate a correlating increase in Gross and Net Profit. We foresee a Net Profit in the interwall of 2.000 - 4.000 kDKK in FY 2021.

Events after the balance sheet date

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

Income statement 2020

	<u>Notes</u>	<u>2020 DKK</u>	<u>2019 DKK</u>
Gross profit/loss		40.934.774	36.150.968
Staff costs	2	(38.180.770)	(32.664.530)
Depreciation, amortization and impairment losses	3	(16.472)	(8.445)
Operation profit/loss		2.737.532	3.477.993
Other financial income	4	314.775	776.108
Other financial expenses	5	(317.819)	(437.338)
Profit/loss before tax		2.734.488	3.816.763
Tax on profit/loss for the year	6	(639.259)	(874.000)
Profit/loss for the year	7	2.095.229	2.942.763

Balance sheet at 31.12.2020

	<u>Notes</u>	<u>2020 DKK</u>	<u>2019 DKK</u>
Other fixtures and fittings, tools and equipment		77.826	0
Property, plant and equipment	8	77.826	0
Deposits		266.605	255.156
Fixed asset investments		266.605	255.156
Finished goods for resale		299.367	0
Inventories		299.367	0
Fixed assets		643.798	255.156
Trade receivables		72.213.123	57.551.392
Receivables from group enterprises		0	14.056.956
Deferred tax	9	35.673	229.000
Income tax receivable		0	176.000
Prepayments	10	43.393.715	40.291.875
Receivables		115.642.511	112.305.223
Cash		9.971.040	14.492.742
Current assets		125.613.551	126.797.965
Assets		126.257.349	127.053.121

Balance sheet at 31.12.2020

	Notes	2020 DKK	2019 DKK
Contributed capital	11	679.095	679.095
Retained earnings		14.428.509	12.333.280
Equity		15.107.604	13.012.375
Prepayments	12	22.924.700	16.400.864
Other payables		4.873.201	1.206.368
Non-current liabilities other than provisions		27.797.901	17.607.232
Prepayments received from customers	13	36.527.934	38.356.127
Trade payables		24.242.953	45.884.576
Payables to group enterprise		2.349.183	0
Income tax payables		300.061	0
Other payables		19.931.713	12.192.811
Current liabilities other than provisions		83.351.844	96.433.514
Liabilities other than provisions		111.149.745	114.040.746
Equity and liabilities		126.257.349	127.053.121
Events after the balance sheet date	1		
Financial Instruments	15		
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Group relations	18		

Statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	679.095	12.333.280	13.012.375
Profit/loss for the year	0	2.095.229	2.095.229
Equity end of year	679.095	14.428.509	15.107.604

Cash flow statement for 2020

	<u>Notes</u>	<u>2020 DKK</u>	<u>2019 DKK</u>
Operation profit/loss		2.737.532	3.477.993
Amortization, depreciation and impairment losses		16.472	8.445
Working capital changes		(7.194.923)	3.800.796
Cash flow from ordinary operation activities		(4.440.919)	7.287.276
Financial income received		314.775	776.108
Financial expenses paid		(317.819)	(437.341)
Income taxes refunded/paid		30.129	236.000
Cash flow from operation activities		(4.413.834)	7.862.001
Acquisition of property, plant and equipment		(94.298)	0
Deposits		(11.449)	13.712
Cash flows from investing activities		(105.747)	13.712
Increase/decrease in cash and cash equivalents		(4.519.581)	7.875.755
Cash and cash equivalents beginning of year		14.492.742	6.616.987
Currency transaction adjustments of cash and cash equivalents		(2.121)	0
Cash and cash equivalents end of year		9.971.040	14.492.742

Notes

1. Events after the balance sheet date

No events after the balance sheet date 2020.

	2020 DKK	2019 DKK
2. Staff costs		
Wages and salaries	33.129.222	28.633.374
Pension costs	4.233.976	2.877.517
Other staff costs	817.572	1.153.639
	38.180.770	32.664.530

Number of employees at balance sheet date	37	33
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	2020 DKK	2019 DKK
3. Depreciation, amortization and impairment losses		
Depreciation of property, plant and equipment	16.472	8.445
	16.472	8.445

	2020 DKK	2019 DKK
4. Other financial income		
Financial income arising from group enterprises	19.635	273.072
Exchange rate adjustments	295.141	502.0029
	314.775	776.108

	2020 DKK	2019 DKK
5. Other financial expenses		
Other interest expenses	3.760	294.475
Exchange rate adjustments	314.059	142.866
	317.819	437.341

Notes

	2020 DKK	2019 DKK
6. Tax on profit/loss for the year		
Change in deferred tax	193.327	874.000
Current tax	445.932	0
	639.259	874.000

	2020 DKK	2019 DKK
7. Proposed distribution of profit/loss		
Retained earnings	2.095.229	2.942.763
	2.095.229	2.942.763

	Other fixtures and fittings, tools and equipment DKK
8. Property, plant and equipment	
Cost beginning of year	485.931
Additions	94.298
Cost end of year	580.229
Depreciation and impairment losses beginning of year	(485.931)
Depreciation for the year	(16.472)
Depreciation and impairment losses end of year	(502.403)
Carrying amount end of year	77.826

Notes

	2020 DKK	2019 DKK
9. Deferred tax		
Property, plant and equipment	42.290	51.000
Tax losses carried forward	0	178.000
Accrued expenses	(6.617)	0
	35.673	229.000

Changes during the year

Beginning of year	229.000
Recognized in the income statement	(193.327)
End of year	35.673

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.

	2020 DKK	2019 DKK
14. Changes in working capital		
Increase/decrease inventories etc.	(299.367)	(13.712)
Increase/decrease in receivables	(3.706.614)	(2.174.381)
Increase/decrease in trade payables etc.	(3.188.942)	5.988.889
	(7.194.923)	3.800.796

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 2020 the fair value regulation of the derivatives is a loss DKK 74 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.

	2020 DKK	2019 DKK
16. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements	302.957	223.444
Until maturity in total	302.957	223.444

17. 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.

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.

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
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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.

Accounting policies

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.

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.

Accounting policies

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.