



**Acacia Communications Europe
ApS**

Priorparken 611
2605 Brøndby
CVR No. 32570127

Annual report 2019

The Annual General Meeting adopted the
annual report on 14.08.2020

Christian Jørgen Rasmussen
Chairman of the General Meeting

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Entity details

Entity

Acacia Communications Europe ApS
Priorparken 611
2605 Brøndby

CVR No.: 32570127

Registered office: Brøndby

Financial year: 01.01.2019 - 31.12.2019

Executive Board

Janene Irene Asgeirsson

John Francis Gavin

Christian Jørgen Rasmussen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
P. O. Box 200
6701 Esbjerg

Statement by Management

The Executive Board have today considered and approved the annual report of Acacia Communications Europe ApS for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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

We consider the preconditions for not auditing the financial statements for the financial year 01.01.2019 - 31.12.2019 as complied with.

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

Brøndby, 14.08.2020

Executive Board

Janene Irene Asgeirsson

John Francis Gavin

Christian Jørgen Rasmussen

The independent auditor's compilation report

To Management of Acacia Communications Europe ApS

We have compiled the financial statements of Acacia Communications Europe ApS for the financial year 01.01.2019 - 31.12.2019 based on the Entity's bookkeeping records and other information Management has provided.

These financial statements comprise the income statement, balance sheet, statement of changes in equity, notes and accounting policies.

We performed this compilation engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist Management in the preparation and presentation of these financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct for professional accountants, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile the financial statements are Management's responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the disclosures Management provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion about whether the financial statements have been prepared in accordance with the Danish Financial Statements Act.

Esbjerg, 14.08.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Peder Rene Pedersen

State Authorised Public Accountant
Identification No (MNE) mne23334

Bo Klitten Kjærgaard

State Authorised Public Accountant
Identification No (MNE) mne34507

Management commentary

Primary activities

The activities consist of development of equipment for data transmission and related business.

Development in activities and finances

The result for the financial year 2019 was a Profit of 164 t.kr. compared to a profit of 305 t.kr. in 2018.

The management is expecting a profit for 2020.

On July 8, 2019, the ultimate parent company, Acacia Communications, Inc., entered into an Agreement and Plan of Merger (the "Merger Agreement") with Cisco Systems, Inc. ("Cisco"), a California corporation, and Amarone Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of Cisco (the "Merger Sub"). The Merger Agreement provides for the merger of the Merger Sub with and into Acacia Communications, Inc. and all of its subsidiaries (the "Merger"), with Acacia Communications Europe ApS surviving the Merger as a wholly owned subsidiary of Cisco. If the Merger is completed, each share of the parent company's common stock issued and outstanding immediately prior to the effective time of the Merger, subject to certain exceptions, will be converted into the right to receive \$70.00 in cash. The transaction is subject to certain conditions, including the adoption of the Merger Agreement and approval of the Merger by the parent company's stockholders, as well as obtaining regulatory approvals. Subject to the satisfaction of these conditions, the parties expect the Merger to close in the first half of Cisco's 2021 fiscal year.

Foreign branches

Acacia Communications Europe ApS have a representative office in Thailand to provide inspection and quality control support to its contract manufacturers. The Thailand entity is set up as a legal branch of Acacia Communications Europe ApS.

Events after the balance sheet date

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

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		6,780,209	5,719,981
Staff costs	1	(6,288,681)	(4,974,035)
Operating profit/loss		491,528	745,946
Other financial income		637	34,878
Other financial expenses		(280,414)	(388,863)
Profit/loss before tax		211,751	391,961
Tax on profit/loss for the year	2	(48,150)	(86,825)
Profit/loss for the year		163,601	305,136
Proposed distribution of profit and loss			
Retained earnings		163,601	305,136
Proposed distribution of profit and loss		163,601	305,136

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Receivables from group enterprises		22,240,479	16,694,717
Other receivables		9,873	7,606
Income tax receivable		23,850	0
Prepayments		66,952	49,650
Receivables		22,341,154	16,751,973
Cash		2,302,382	694,945
Current assets		24,643,536	17,446,918
Assets		24,643,536	17,446,918

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital		125,000	125,000
Retained earnings		2,115,847	1,952,246
Equity		2,240,847	2,077,246
Trade payables		0	2,515
Payables to group enterprises		20,209,829	13,166,627
Income tax payable		0	26,825
Other payables		2,192,860	2,173,705
Current liabilities other than provisions		22,402,689	15,369,672
Liabilities other than provisions		22,402,689	15,369,672
Equity and liabilities		24,643,536	17,446,918

Group relations

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Statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	125,000	1,952,246	2,077,246
Profit/loss for the year	0	163,601	163,601
Equity end of year	125,000	2,115,847	2,240,847

Notes

1 Staff costs

	2019	2018
	DKK	DKK
Wages and salaries	6,286,775	4,971,830
Other social security costs	1,906	2,205
	6,288,681	4,974,035
Average number of full-time employees	6	6

2 Tax on profit/loss for the year

	2019	2018
	DKK	DKK
Current tax	48,150	86,825
	48,150	86,825

3 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Acacia Communications Inc, Three Mill and Main Place, Suite 400, Maynard, Massachusetts, USA

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the previous month end exchange rate. 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 that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue less other external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for office supplies and marketing costs, etc.

Staff costs

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

Other financial income

Other financial income comprises interest income and exchange gains on transactions in foreign currencies etc.

Other financial expenses

Other financial expenses comprise interest expenses and exchange losses on transactions in foreign currencies 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 recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Receivables**

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Income tax payable or receivable

Current tax payable or receivable is recognised 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.

Other financial liabilities

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