

Radisys B.V.
Financial Statements
for the year ended 31st December, 2019

INDEPENDENT AUDITOR'S REPORT

To: The shareholders of Radisys B.V.

A. Report on the audit of the financial statements 2019 included in the annual report

Our opinion

We have audited the financial statements 2019 of Radisys B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Radisys B.V. as at 31 December 2019, and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- 1 the balance sheet as at 31 December 2019;
- 2 the profit and loss account for 2019; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Radisys B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;
- obtaining 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;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, 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 a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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 findings in internal control that we identify during our audit.

Werkhoven, March 23, 2020

NielenVanDeLaar accountants B.V.

C.J.G. Nielen RA

1.1 Balance sheet as at 31 December 2019

(After proposal distribution of result)

		<u>2019</u>		<u>2018</u>	
		EUR	EUR	EUR	EUR
Fixed assets					
Financial assets	1		597,706		519,911
Current assets					
Trade and other receivables	2		540,993		611,294
Cash and Cash Equivalents	3		<u>226,781</u>		<u>136,012</u>
			<u>1,365,480</u>		<u>1,267,217</u>
Equity	4				
Share capital paid called up	5	29,496		29,496	
Share premium reserve	6	162,283		162,283	
Retained earnings	7	<u>1,002,849</u>		<u>892,972</u>	
			1,194,628		1,084,751
Current liabilities	8		<u>170,852</u>		<u>182,466</u>
			<u>1,365,480</u>		<u>1,267,217</u>

1.2 Profit and loss account for the year 2019

		2019		2018	
		EUR	EUR	EUR	EUR
Net turnover					
Wages and salaries	9	358,168	574,220	362,053	547,571
Social security contributions and pension costs	10	34,661		34,753	
Other operating expenses	11	<u>138,856</u>		<u>106,587</u>	
Total operating expenses			<u>531,685</u>		<u>503,393</u>
Operating result			42,535		44,178
Interest charges and similar charges	12		<u>(2,584)</u>		<u>(2,240)</u>
Result from operational activities before taxation			39,951		41,938
Income tax expense	13		<u>(7,869)</u>		<u>(8,755)</u>
			32,082		33,183
Share in result of participating interests	14		<u>77,795</u>		<u>99,055</u>
Net result			<u>109,877</u>		<u>132,238</u>

1.3 Notes to the financial statements

Entity information

Registered address and registration number trade register

The registered and actual address of Radisys B.V. is Herikerbergweg 238, Luna Arena, 1101 CM in Amsterdam Netherlands. Radisys B.V. is registered at the Chamber of Commerce under number 17090534.

General notes

The most important activities of the entity

The activities of Radisys B.V. consist mainly of acting as an exclusive sales agent in the Netherlands and other European countries for the products developed by RadiSys Corporation. RadiSys Corporation (U.S.A), the parent of the company, is a leading independent supplier of embedded computer component and subsystems used by original equipment manufacturers in manufacturing automation, telecommunications, medical equipment, test and measurements and transactional terminal applications.

Financial reporting period

These financial statements cover the year 2019, which ended at the balance sheet date of 31 December 2019.

Disclosure of going concern

The financial statements of the Company have been prepared on the basis of the going concern assumption.

Disclosure of group structure

Radisys B.V., domiciled in Amsterdam, is a private limited company that is part of the RadiSys Group. RadiSys Corporation, Oregon, United States of America is the shareholder of the company and parent company of Radisys B.V. and its subsidiaries.

On 30 June 2018 the shares in Radisys Corporation were acquired by the Indian conglomerate Reliance Industries Limited, Mumbai, India. Reliance Industries Limited is considered the ultimate parent of the Company.

Disclosure of estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The exemption of consolidation

In accordance with article 407 of Book 2 of the Netherlands Civil Code the Company does not prepare consolidated figures.

General accounting principles

The accounting standards used to prepare the financial statements

The financial statement is drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board.

The accounting policies applied for measurement of assets and liabilities and determination of results are based on the historical cost convention, unless otherwise stated in the further accounting principles.

Assets and liabilities are measured at nominal value, unless otherwise stated in the further principles. The financial statements are presented in euros ('EUR'), which is the Company's functional currency.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets.

A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the Company. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

An asset or liability that is recognised in the balance sheet, remains recognised on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions

1.3 Notes to the financial statements

will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken into account in this assessment.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the profit and loss account, taking into account any provisions related to the transaction.

If assets are recognised of which the Company does not have the legal ownership, this fact is being disclosed.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises, of which the size can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises, of which the size can be measured with sufficient reliability.

Revenues and expenses are allocated to the respective period to which they relate. Revenues are recognised when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer.

Foreign currency translation and the processing of foreign currency translation differences in foreign currency transactions

At initial recognition, transactions denominated in a foreign currency are translated into the functional currency of the Company at the exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date into the functional currency at the exchange rate applying on that date. Exchange differences resulting from the settlement of monetary items, or resulting from the translation of monetary items denominated in foreign currency, are recognised in profit and loss in the period in which the exchange difference arise.

Non-monetary assets and liabilities denominated in foreign currency that are measured based on historical cost, are translated into the functional currency at the exchange rates at the date of the transactions.

Operating leases

If the Company acts as lessee in an operating lease, the leased asset is not capitalised. Lease payments regarding operating leases are recognised to the profit and loss account on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the benefits from the use of the leased asset.

Financial instruments

Financial instruments include trade and other receivables, cash items, trade payables and other amounts payable. These financial statements contain the following financial instruments: loans and receivables and other financial liabilities.

Financial assets and liabilities are recognised in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originate.

Financial instruments are derecognised if a transaction results in a considerable part of the contractual risks or rewards with respect to that financial instrument being transferred to a third party.

Financial instruments (and individual components of financial instruments) are presented in the financial statements in accordance with the economic substance of the contractual terms. Presentation of the financial instruments is based on the individual components of financial instruments as a financial asset, financial liability or equity instrument.

Financial and non-financial contracts may contain terms and conditions that meet the definition of derivative financial instruments. Such an agreement is separated from the host contract if its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms and conditions as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value with changes in fair value recognised in the profit and loss account.

Financial instruments are initially measured at fair value, including discount or premium and directly attributable transaction costs. However, if financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction costs are directly recognised in the profit and loss account at the initial recognition.

1.3 Notes to the financial statements

After initial recognition, financial instruments are valued in the manner described below.

Loans granted and other receivables

Loans granted and other receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses. The effective interest and impairment losses, if any, are directly recognised in the profit and loss account. Purchases and sales of financial assets that belong to the category loans granted and other receivables are accounted for at the transaction date.

Non-current and current liabilities and other financial commitments

Non-current and current liabilities and other financial commitments are measured after their initial recognition at amortised cost on the basis of the effective interest rate method. The effective interest is directly recorded in the profit and loss account.

Redemption payments regarding non-current liabilities that are due next year, are presented under current liabilities.

Offsetting financial instruments

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability and the Company has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously.

If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.

Current value of financial instruments

The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other.

Accounting principles

Other tangible assets

Tangible fixed assets are recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of that asset can be measured reliably.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of the tangible fixed assets.

The following rates of depreciation are applied:

- Other fixed operating assets: 25%.

Financial assets

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In assessing whether the Company has significant influence over the business and financial policies of a participating interest, all facts and circumstances and contractual relationships, including potential voting rights, are taken into account.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as Radisys B.V. can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Impairment of financial assets

A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

Objective evidence that financial assets are impaired includes significant financial difficulty of the issuer or obligor, breach of contract such as default or delinquency in interest or principal payments, indications that a debtor or issuer will enter bankruptcy or other financial restructuring, indications that a debtor or issuer is approaching bankruptcy. Indicators for subjective evidence are also considered together with objective evidence of impairments a downgrade of an entity's credit rating or a decline in the fair value of a financial asset below its cost or amortised cost.

1.3 Notes to the financial statements

The entity considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and financial assets that are held to maturity) both individually and on a portfolio basis. All individually significant assets are assessed individually for impairment. The individually significant assets that are not found to be individually impaired and assets that are not individually significant are then collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of collections and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Impairment losses are recognised in the profit and loss account and reflected in an allowance account against loans and receivables or investment securities held to maturity. Interest on the impaired asset continues to be recognised by using the asset's original effective interest rate.

When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through profit or loss (up to the amount of the original cost).

Impairment of non-current assets

On each balance sheet date, Radisys B.V. assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the recoverable amount of the asset is determined. If it is not possible to determine the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An impairment occurs when the carrying amount of an asset is higher than the recoverable amount; the recoverable amount is the higher of the realisable value and the value in use.

An impairment loss is directly recognised in the profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

The realisable value is initially based on a binding sale agreement; if there is no such agreement, the realisable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset / cash-generating unit; these cash flows are discounted.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported. An impairment of goodwill is not reversed.

Receivables

The accounting policies applied for the valuation of trade and other receivables are described under the heading 'Financial instruments'.

Cash and cash equivalents

Cash and cash equivalents are measured at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement. Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies.

Cash and cash equivalents that are not readily available to the Company within 12 months are presented under financial fixed assets.

Equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense.

Share premium

The share premium originates from overpayments on the face value of the shares.

1.3 Notes to the financial statements

Current liabilities

The valuation of current liabilities is explained under the heading 'Financial instruments'.

Revenue recognition

Net turnover represents commissions for rendered services received from Radisys Corporation based on a costplus agreement.

Revenue from transactions is recognised for the amounts received by the Company on its own account. Amounts received by the Company on behalf of third parties are not recognised as revenue.

Revenues recognised in the profit and loss account when the amount of the revenue can be determined reliably, collection of the related compensation to be received is probable, the extent to which the services have been performed on the balance sheet date can be determined reliably, and the costs already incurred

and (possibly) yet to be incurred to complete the service can be determined reliably.

Employee benefits

Employee benefits are charged to the profit and loss account in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the Company.

For benefits with accumulating rights, such as bonuses, the projected costs are taken into account during the employment. An expected payment resulting from bonus payments is recognised if the obligation for that payment has arisen on or before the balance sheet date and a reliable estimate of the liabilities can be made.

If a benefit is paid in case of non-accumulating rights (e.g., continued payment in case of sickness or disability), the projected costs are recognised in the period in which such benefit is payable. For existing commitments at the balance sheet date to continue the payment of benefits (including termination benefits) to employees who are expected to be unable to perform work wholly or partly due to sickness or disability in the future, a provision is recognised.

The recognised liability relates to the best estimate of the expenditure necessary to settle the obligation at the balance sheet date. The best estimate is based on contractual agreements with employees (collective agreement and individual employment contract). Additions to and reversals of liabilities are charged or credited to the profit and loss account.

Applied policy of pension costs

Basic principle is that the pension charge to be recognised for the reporting period is equal to the pension contributions payable to the pension provider over the period. In so far as the payable contributions have not yet been paid as at balance sheet date, a liability is recognised. If the contributions already paid at balance sheet date exceed the payable contributions, a receivable is recognised to account for any repayment by the fund or settlement with contributions payable in future.

If there are adjustments to rights accrued as at the balance sheet date arising from future salary increases that are already committed to at the balance sheet date and which shall be paid by the Company, a provision is recognised.

For any surplus at the pension provider as at balance sheet date, a receivable is recognised if the Company has the power to withdraw this surplus, if it is likely that the surplus will flow to the Company and if the receivable can be reliably determined.

Financial income and expenses

Interest income is recognised in the profit and loss account on an accrual basis, using the effective interest rate method. Interest expenses and similar charges are recognised in the period to which they belong.

Premium, discount and redemption premiums are recognised as interest expense in the period to which they belong. The allocation of these interest expenses and the interest income on the loan is the effective interest rate that is recognised in the profit and loss account. On the balance sheet, the amortised value of the debt(s) is recognised (on balance).

The amounts of the premium that are not yet recognised in the profit and loss account and the redemption

premiums already recognised in the profit and loss account, are recognised as an increase in debt(s) to which they relate. Amounts of the discount that are not yet recognised in the profit and loss account are recognised as a reduction of the debt(s) to which they relate.

Additional costs associated with the use of more than customary supplier credit are recognised as interest expense.

1.3 Notes to the financial statements

Income tax expense

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity, or to business combinations.

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the financial year, calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

If the carrying amount of assets and liabilities for financial reporting purposes differ from their values for tax purposes (tax base), this results in temporary differences.

For taxable temporary differences, a provision for deferred tax liabilities is recognised.

For deductible temporary differences, available tax losses and unused tax credits, a deferred tax asset is recognised, but only to the extent that it is probable that future taxable profits will be available for set-off or compensation. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences following from the manner in which the Company expects, at the balance sheet date, to realise or settle its assets, provisions, debts and accrued liabilities. Deferred tax assets and liabilities are measured at nominal value.

Share in results of participating interests

The share in the result of participating interests consists of the share of the group in the results of these participating interests, determined on the basis of the accounting principles of the group. Results on transactions, where the transfer of assets and liabilities between the group and the non-consolidated participating interests and mutually between non-consolidated participating interests themselves, are not recognised as they can be deemed as not realised.

Related parties

Transactions with related parties are disclosed if they have not been entered into at arm's length. Disclosed are the nature and amounts involved with such transactions, and other information that is deemed necessary for an insight into the transactions.

Subsequent events

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements.

Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

1.4 Notes to the balance sheet

Fixed assets

Property, plant and equipment

Tangible fixed assets relates to office equipment.

Movements in tangible fixed assets were as follows:

	Other tangible assets
	EUR
Balance as at 1 January 2019	
Historical costs	(21,225)
Accumulated depreciation	<u>21,225</u>
Book value as at 1 January 2019	<u>-</u>
Movements	
Balance movements	<u>-</u>
Balance as at 31 December 2019	
Historical costs	(21,225)
Accumulated depreciation	<u>21,225</u>
Book value as at 31 December 2019	<u>-</u>

1 Financial assets

	<u>2019</u>	<u>2018</u>
	EUR	EUR
Participations in group companies	<u>597,706</u>	<u>519,911</u>

Participations in group companies

Radisys GmbH is a 100% subsidiary. The company is seated at Rosenheimer Landstr. 22, 85521 Ottobrunn, Germany.

RadiSys GmbH

	<u>2019</u>
	EUR
Book value as at 1 January	519,911
Profit of participation in group company	<u>77,795</u>
Book value as at 31 December	<u>597,706</u>

2 Trade and other receivables

	<u>2019</u>	<u>2018</u>
	EUR	EUR
Receivables from shareholder	535,084	60,888
Receivables from associated companies	1,000	1,000
Taxes and social security charges	<u>4,909</u>	<u>4,406</u>
	<u>540,993</u>	<u>611,294</u>

Except for receivables from shareholder and from associated companies all receivables fall due in less than one year. The fair value of the receivables approximates the book value.

No interest is calculated. In respect of repayment and securities provided, no agreements have been made.

1.4 Notes to the balance sheet

<i>Taxes and social security charges</i>			
		<u>2019</u>	<u>2018</u>
		EUR	EUR
Value added tax		4,909	4,174
Prepaid pension premiums		-	232
		<u>4,909</u>	<u>4,406</u>
3	<i>Cash and cash equivalents</i>		
	Cash and cash equivalents are available on demand.		
4	<i>Equity</i>		
		Share capital paid called up	Share premium reserve
		EUR	EUR
		EUR	EUR
		Retained earnings	Total
		EUR	EUR
	Balance as at 1 January 2019	29,496	162,283
	Appropriation of result	-	-
	Balance as at 31 December 2019	<u>29,496</u>	<u>162,283</u>
5	<i>Share capital paid called up</i>		
		2019	2018
		EUR	EUR
	Balance as at 1 January	29,496	29,496
	Movements	-	-
	Balance as at 31 December	<u>29,496</u>	<u>29,496</u>
6	<i>Share premium reserve</i>		
		2019	2018
		EUR	EUR
	Balance as at 1 January	162,283	162,283
	Movements	-	-
	Balance as at 31 December	<u>162,283</u>	<u>162,283</u>
7	<i>Retained earnings</i>		
		2019	2018
		EUR	EUR
	Balance as at 1 January	892,972	760,734
	Appropriation of result	109,877	132,238
	Balance as at 31 December	<u>1,002,849</u>	<u>892,972</u>

The General Meeting of Shareholders will be asked to approve the following appropriation of the 2019 result after taxation: an amount of EUR 109,877 to be added to the retained earnings.

The above has been incorporated in the company's financial statements for 2019.

1.4 Notes to the balance sheet

8 Current liabilities

	<u>2019</u>	<u>2018</u>
	EUR	EUR
Trade payables	-	5,516
Taxes and social security contributions	43,870	41,445
Other liabilities and accrued expenses	<u>126,982</u>	<u>135,505</u>
	<u>170,852</u>	<u>182,466</u>
<i>Taxes and social security contributions</i>	<u>2019</u>	<u>2018</u>
	EUR	EUR
Wage tax	-	39,343
Corporate income tax	8,615	2,102
Pension premiums	<u>35,255</u>	-
	<u>43,870</u>	<u>41,445</u>
<i>Other liabilities and accrued expenses</i>	<u>2019</u>	<u>2018</u>
	EUR	EUR
Vacation and holiday allowance	23,061	13,209
Accrued legal & professional fees	12,000	16,750
Accrued salaries and bonus incentives	69,953	100,853
Other accrued expenses	<u>21,968</u>	<u>4,693</u>
	<u>126,982</u>	<u>135,505</u>

Financial instruments

General

The Board of Directors has overall responsibility for the establishment and oversight over the Company's risk management. The Company regularly reviews uncertainties and monitors their potential impact ensuring the appropriate controls are in place to manage them. During the normal course of business, the Company is exposed to credit risk, liquidity risk and foreign exchange risk. Interest-rate risk is zero considering there are no loans. The Company does not use derivative financial instruments to reduce the level of those risks.

Credit risk

Credit risk is the risk of financial loss if a customer fails to meet its contractual obligations. Credit risk is limited considering these mainly concern receivables due from related companies.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's policy for managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

Foreign currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the Euro. The currencies giving rise to this risk is primarily the US Dollar.

Fair value

The fair value of most of the financial instruments stated on the balance sheet, including accounts receivable, cash at bank and current liabilities, is close to the carrying amount.

1.5 Notes to the profit and loss account

Off-balance sheet assets and liabilities Disclosure of off-balance sheet commitments

The Company has entered into an operating lease contract for a company car. The lease commitments as at year end 2019 amount to EUR 16,882.

The Company has no other long term contractual commitments and has not issued guarantees. No claims have been filed against the company.

Net turnover

Net turnover concerns amounts charged to the parent company, calculated based on cost plus an 8% mark-up.

9 Wages and salaries	<u>2019</u>	<u>2018</u>
	EUR	EUR
Gross salaries	343,865	346,872
Holiday allowance	13,313	14,101
Employee Benefits	990	1,080
	<u>358,168</u>	<u>362,053</u>

Gross salaries include bonus incentives.

Average number of employees

During the 2019 financial year, the average number of staff employed by the company, converted into full- time equivalents, amounted to 1 person (2018: 1 person), of which 0 (2018: 0) were employed outside the Netherlands.

10 Social security contributions and pension costs	<u>2019</u>	<u>2018</u>
	EUR	EUR
Social security charges	17,089	16,385
Additions provisions for pension obligations	17,572	18,368
	<u>34,661</u>	<u>34,753</u>

11 Other operating expenses

	<u>2019</u>	<u>2018</u>
	EUR	EUR
Travel expenses	68,118	60,623
Office expenses	7,582	3,806
General expenses	63,156	42,158
	<u>138,856</u>	<u>106,587</u>

Travel expenses

	<u>2019</u>	<u>2018</u>
	EUR	EUR
Travel expenses	45,156	38,705
Show expenses	3,500	1,079
Car expenses	19,462	20,839
	<u>68,118</u>	<u>60,623</u>

Office expenses

	<u>2019</u>	<u>2018</u>
	EUR	EUR
Office supplies	2,826	299
Telephone expenses	2,100	2,938
IT expenses	2,656	569
	<u>7,582</u>	<u>3,806</u>

1.5 Notes to the profit and loss account

General expenses	<u>2019</u>	<u>2018</u>
	EUR	EUR
Legal expenses	1,826	1,316
Professional fees	42,317	40,689
Penalties and fees	11,589	-
Other expenses	7,424	153
	<u>63,156</u>	<u>42,158</u>
Penalties and fees relates to late payments of taxes and other filing requirements.		
12 Interest charges and similar charges		
	<u>2019</u>	<u>2018</u>
	EUR	EUR
Currency exchange result	77	71
Bank charges	2,507	2,169
	<u>2,584</u>	<u>2,240</u>
13 Income tax expense		
The applicable tax rate is 25% (2018: 25%) with the first EUR 200,000 taxed at 19%. The tax charge in the profit and loss account over 2019 amounts to EUR 7,869, or 19.7% of the result before taxation (2018: 20.9%).		
14 Share in result of participating interests		
	<u>2019</u>	<u>2018</u>
	EUR	EUR
Share in result from participation Radisys GmbH	77,795	99,055
15 Transactions with related parties		
Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its subsidiaries, shareholders, directors and key management personnel.		
Transactions are transfers of resources, services or obligations, regardless whether anything has been charged.		
There have been no transactions with related parties that were not on a commercial basis.		
16 Subsequent events		
Following the recent outbreak of CoVid-19, the Company (at a corporate level) setup a Corona Virus Task Force early March. Guidelines for travel and work from home policies have been established. The industries, which we operate in, have not been significantly impacted by the pandemic, so far. Our organization will continue to evaluate the risk of CoVid-19 as the situation progresses.		
There are no other subsequent events with an impact on these financial statements.		
Amsterdam, 23 March 2020		
Radisys B.V.		

Robert Pippert
Director

Nilesh Mehta
Director