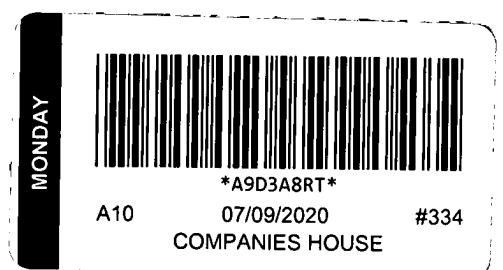


COMPANY REGISTRATION NUMBER: 07930752

SDH Bidco Limited
Financial Statements
31 July 2019



SDH Bidco Limited

Financial Statements

Year ended 31 July 2019

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SDH Bidco Limited

Officers and Professional Advisers

The board of directors

E Greeff
M C Tomlinson

Registered office

SecureData House
Hermitage Court
Hermitage Lane
Maidstone
Kent
ME16 9NT

Independent Auditors

Grant Thornton UK LLP
Chartered Accountants & Statutory auditors
2nd Floor
St John's House
Haslett Avenue West
Crawley
RH10 1HS

SDH Bidco Limited

Strategic Report

Year ended 31 July 2019

The directors present their Strategic Report together with the audited financial statements for the year ended 31 July 2019.

The principal activity of the company is that of an intermediary holding company.

The principal activity of the group is the provision of cybersecurity services and solutions to business customers in selective geographic markets including the UK, South Africa and the USA.

Business Review and Future Developments

The trading subsidiaries of the SecureData group during the period under review were Orange Cyberdefense UK Ltd, SensePost (PTY) Ltd and SensePost UK Ltd. These financial statements reflect the performance of the company but to enable a proper understanding of the whole SecureData group (the "Group") the business commentary in this Strategic Report reflects the performance of the Group.

On 31 January 2019, Orange Business Services S.A., acquired 100% of the SecureData group. Orange Business Services S.A. is wholly owned by Orange S.A. which became the ultimate parent company.

In 2019 the SecureData Group had a revenue growth of over 8%, gross profit up 8% and adjusted EBITDA growth of 34% to circa £5.5m. During the year the group continued to expand its innovative range of services and solutions as part of its strategy of providing customers with a one stop shop for their cybersecurity needs. The group has established its position as the leading independent cybersecurity specialist in the United Kingdom, and has a growing success in the markets in which it serves.

The key results for the period under review:

- Revenue grew circa 8% to £47.3m and gross margin grew circa 8% to £22.8m
- Adjusted EBITDA for year representing EBITDA adjusted for exceptional M & A charges of £0.4m, investment activities of £1.1m, investment and bank fees of (£0.23m) and forex of (£0.09m) was £5.54m – growth of 34% over the prior year.
- Operating cash flow was strong at £2m and the Group closed the year with net cash (cash and cash equivalents at the end of the year less bank loans and overdrafts) of £6.9m.

The negative position of the Group statement of financial position is due to the circa £27.1m of amounts owed to group undertakings which was used to repay the shareholder unsecured loan notes due to the acquisition of the Group by Orange SA.

Principal Risks and Uncertainties

The Group faces a number of regular business risks and uncertainties including potential changes to the economic and regulatory environment in its target markets. The Group may also be impacted by the financial loss of either a customer failing to meet its contractual obligations or a supplier failing to extend suitable lines of credit. The Group mitigates such risks by implementing policies that require customers to satisfy credit worthiness procedures and also not relying on a single supplier.

The Group sells cybersecurity products and software from a variety of vendors and inherently there is a risk that the vendor may change its distribution policies or offer less favourable terms. The Group however works with a variety of vendors in order to provide a broad range of solutions to its customers and also to mitigate such risks.

The Group's services and operations are delivered by skilled and experienced employees and thus the Group is reliant upon its ability to attract and retain the correct mix of employees to fulfil its business

SDH Bidco Limited

Strategic Report *(continued)*

Year ended 31 July 2019

needs. The Group invests considerable management time and financial resources to provide various incentive, training and career progression opportunities for its employees including the development of its academy programs.

The Group regularly purchases goods in other currencies – most significantly the US dollar and the Group is therefore exposed to currency risk. The Group updates its sales prices on a regular basis to reflect currency fluctuations and continually monitors this exposure and considers hedging strategies when appropriate.

The UK formally withdrew from the European Union on 31st January 2020 ("Exit Date"), following which the EU and UK entered into a transitional period to negotiate a future trading relationship. The transitional period is expected to continue until 31 December 2020 (subject to any mutually agreed extension) during which the UK will largely continue to be treated as if it is still in the EU (including the application of most EU laws in the UK).

On that basis, the Group expects that all areas of its business, including its obligations to customers, suppliers, partners, contractors and its employees, will continue "as usual" during the transitional period. The Group will further review the impact of the UK-EU trade agreement to its business when there is more certainty as to its terms during the course of the year.

If a UK-EU trade agreement is not achieved, then the UK will leave the EU on a "no-deal" basis. A "no-deal" situation poses the most uncertainty to UK businesses and its economy, and the impact of this scenario is unknown at the time of writing this statement. In any event, the Group continues to actively monitor and manage its business affairs in all areas to help ensure that any potential risks to its business in the UK, EU and worldwide are appropriately mitigated in the event of a no-deal situation. We have outlined below some of the ways in which the Group continues to do this below:

- A Brexit Steering Group has been set up, constituting members from different areas of the business, which meet regularly to discuss and implement appropriate measures and actions required to manage the risks associated with Brexit, as they become known.
- Different business areas are actively monitoring the Brexit affairs between the UK and the EU and the impact of such discussions to its business areas.
- Data Protection: the Group will, at all times, be required to comply with data protection laws globally (including the GDPRs in the EU) and, therefore, its policies, regulatory compliance and contractual obligations in respect of data protection and data processing are expected to remain unaffected. The Group already has in place all the EU standard model clauses to permit transfer of personal data between the Group affiliates in the EEA and non-EEA countries.
- Movement of people: As a multinational business, the Group is reliant on having multi-talented and multi-linguistic human resources in the UK, Europe and worldwide. The global HR team will continue to ensure that its personnel will not be materially disrupted and that they continue to be able to provide support to all areas of the business and its customers, suppliers and stakeholders.

The Emergency Committee convened by the World Health Organization on 30th January 2020 has declared the outbreak of COVID-19 as a global Public Health Emergency of International Concern.

This event took place after the fiscal year closure and had no direct nor predominant impact on the situation existing prior to the date of closure, 31st of July 2019.

The main impact of this Sanitary Crisis is expected on the activities and turnover of the company (when relevant: "and its affiliates"), and will defer by nature and location, subject to confinement measures duration and the pace of economic recovery at the end of the outbreak.

SDH Bidco Limited

Strategic Report *(continued)*

Year ended 31 July 2019

Considering these uncertainties and the consequences of the Sanitary Crisis on the economic environment, impacts cannot be precisely quantified to date. However, the directors consider that the cash available to the company is sufficient to manage the situation. The economic impacts are not of a nature which would question the major accounting estimates of the 2019 accounts for the inventory value of goodwill and provisions for risks and expenditures.

This report was approved by the board of directors on 1st September 2020 and signed on behalf of the board by:



E Greeff
Director

Registered office:
SecureData House
Hermitage Court
Hermitage Lane
Maidstone
Kent
ME16 9NT

SDH Bidco Limited

Directors' Report

Year ended 31 July 2019

The directors present their report and the audited financial statements of the company for the year ended 31 July 2019.

Matters covered in the strategic report

Information relating to business activities, likely future developments in the business, its financial position and its exposure to risks have been disclosed within the Group Strategic Report in accordance with S414c(ii) of the Companies Act 2006.

Directors

The directors who served the company during the year were as follows:

E Greeff	
P M Rattle	(Resigned 31 January 2019)
M C Tomlinson	
I C Brown	(Resigned 30 September 2019)
C P L Winning	(Resigned 31 December 2019)
M T Biddulph	(Resigned 31 January 2019)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SDH Bidco Limited

Directors' Report *(continued)*

Year ended 31 July 2019

Statement of disclosure of information to auditors

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditors is unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors is aware of that information.

This report was approved by the board of directors on 1st September 2020 and signed on behalf of the board by:



E Greeff
Director

Registered office:
SecureData House
Hermitage Court
Hermitage Lane
Maidstone
Kent
ME16 9NT

SDH Bidco Limited

Independent Auditor's Report to the members of SDH Bidco Limited

Year ended 31 July 2019

Opinion

We have audited the financial statements of SDH Bidco Limited (the 'company') for the year ended 31 July 2019, which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

SDH Bidco Limited

Independent Auditor's Report to the members of SDH Bidco Limited *(continued)*

Year ended 31 July 2019

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

SDH Bidco Limited

Independent Auditor's Report to the members of SDH Bidco Limited *(continued)*

Year ended 31 July 2019

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

SDH Bidco Limited

Independent Auditor's Report to the members of SDH Bidco Limited *(continued)*

Year ended 31 July 2019

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Christian Heeger BSC FCA

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Crawley

1st September 2020

SDH Bidco Limited**Statement of Comprehensive Income****Year ended 31 July 2019**

	Note	2019 £	2018 £
Administrative expenses		176,771	28,843
Operating loss		(176,771)	(28,843)
Interest payable and similar charges	6	790,360	3,180,614
Loss on ordinary activities before taxation		(967,131)	(3,209,457)
Dividends Received		758,769	–
Tax on loss on ordinary activities	7	(135,804)	135,804
Loss for the financial year and total comprehensive income		<u>(344,166)</u>	<u>(3,073,653)</u>

All the activities of the company are from continuing operations.

There were no recognised other comprehensive income movements for the current year other than amounts included in the statement of comprehensive income.

The notes on pages 14 to 21 form part of these financial statements.

SDH Bidco Limited**Statement of Financial Position****As at 31 July 2019**

	Note	2019 £	2018 £
Fixed assets			
Investments	8	24,962,372	24,962,372
Current assets			
Debtors	9	–	150,093
Cash at bank and in hand		52	1,930
		<u>52</u>	<u>152,023</u>
Creditors: amounts falling due within one year	10	<u>42,508,241</u>	<u>16,163,316</u>
Net current liabilities		<u>(42,508,189)</u>	<u>(16,011,293)</u>
Total assets less current liabilities		<u>(17,545,817)</u>	<u>8,951,079</u>
Creditors: amounts falling due after more than one year	11	<u>–</u>	<u>26,152,730</u>
Net liabilities		<u>(17,545,817)</u>	<u>(17,201,651)</u>
Capital and reserves			
Called up share capital	13	212,241	212,241
Profit and loss account	14	<u>(17,758,058)</u>	<u>(17,413,892)</u>
Total Shareholders' deficit		<u>(17,545,817)</u>	<u>(17,201,651)</u>

These financial statements were approved by the board of directors and authorised for issue on 1st September 2020, and are signed on behalf of the board by:



E Greeff
Director

Company registration number: 07930752

The notes on pages 14 to 21 form part of these financial statements.

SDH Bidco Limited**Statement of Changes in Equity****Year ended 31 July 2019**

	Called up share capital £	Restated Profit and loss account £	Total Shareholders' deficit £
At 1 August 2017	212,241	(14,340,239)	(14,127,998)
Loss for the financial year	—	(3,073,653)	(3,073,653)
Total comprehensive income for the year	—	(3,073,653)	(3,073,653)
At 31 July 2018	212,241	(17,413,892)	(17,201,651)
Loss for the financial year	—	(344,166)	(344,166)
Total comprehensive income for the year	—	(344,166)	(344,166)
At 31 July 2019	<u>212,241</u>	<u>(17,758,058)</u>	<u>(17,545,817)</u>

The notes on pages 14 to 21 form part of these financial statements.

SDH Bidco Limited

Notes to the Financial Statements

Year ended 31 July 2019

1. Statement of compliance

SDH Bidco Limited is a private limited company incorporated in England. The registered office is SecureData House, Hermitage Court, Hermitage Lane, Maidstone, Kent ME16 9NT.

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006.

2. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis and are in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Financial reporting standard 102 – reduced disclosure exemption

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements SDH Holdco Limited which can be obtained from SecureData House, Hermitage Court, Hermitage Lane, Maidstone, Kent, ME16 9NT. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- Section 4.12 (a) (iv) Disclosures in respect of the Statement of Financial Position have not been presented
- Section 3.17 (d) No Statement of Cash Flows has been presented for the company
- Section 7 Disclosures in respect of the Statement of Cash Flows have not been presented
- Section 11.39 to 11.48A Disclosures in respect of financial instruments have not been presented
- Financial statement disclosures applicable to Section 12.26 to 12.29 have not been presented
- Section 33.7 No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its results are included within the consolidated financial statements of SDH Holdco Limited, an entity incorporated in the United Kingdom.

Going concern

During the period the company made a loss of £344,166 (2018: £3,073,653) and the statement of financial position shows net liabilities of £17,545,817 (2018: £17,201,651). The directors have identified the UK withdrawing from the European Union and the outbreak of COVID-19 as a global Public Health Emergency of International Concern as uncertainties in the Strategic Report. However, the directors have considered the basis of preparation of the financial statements and have concluded that it is appropriate to prepare these on the going concern basis. The company has sufficient funds and can manage its cash flows to be able to manage its liabilities as they fall due for a period of not less than 12 months. The directors are of this opinion due to the financial prospects of the group and the historical profitability and cash generation of its trading subsidiaries.

SDH Bidco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2019

2. Accounting policies *(continued)*

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the statement of comprehensive income.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Interest

Interest is calculated based on the terms agreed with the lender. If there is any difference between the net present value of future cash flows this is accrued accordingly.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured at the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the assets original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

SDH Bidco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2019

2. Accounting policies *(continued)*

Financial instruments *(continued)*

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset, and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires the company to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements are as follows:

Significant judgements

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Deferred tax balances are not discounted. (see note 12).

3. Employee information

No salaries or wages have been paid to employees or directors during the current period.

4. Analysis of operating loss before tax

Operating loss is stated after charging/(crediting):

	2019 £	2018 £
Amortisation of loan notes and non-utilisation fees	<u>(229,197)</u>	<u>93,904</u>

5. Auditor's remuneration

	2019 £	2018 £
Fees payable for the audit of the financial statements	<u>12,000</u>	<u>12,000</u>

SDH Bidco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2019

6. Interest payable and similar charges

	2019	2018
	£	£
Interest on banks loans and overdrafts	(147,067)	289,470
Interest due to group undertakings	454,342	275,564
Other interest payable and similar charges	483,085	2,615,580
	<u>790,360</u>	<u>3,180,614</u>

7. Tax on loss on ordinary activities

Major components of tax (income)/expense

	2019	2018
	£	£
Deferred tax (note 12):		
Origination and reversal of timing differences	289,834	(135,804)
Effect of change in tax rate	(30,509)	–
Adjustment in respect of prior years	(123,521)	–
	<u>135,804</u>	<u>(135,804)</u>

Reconciliation of tax (income)/expense

The tax assessed on the loss on ordinary activities for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019	2018
	£	£
Loss on ordinary activities before taxation	(967,131)	(3,209,457)
Loss on ordinary activities by rate of tax	(183,755)	(609,797)
Effect of expenses not deductible for tax purposes	162,258	270,515
Group relief	311,331	399,952
Adjustment in respect of prior years	(123,521)	–
Utilisation of deferred tax not previously recognised	–	(122,040)
Movement in deferred tax asset not recognised	–	(80,894)
Effect of change in tax rate	(30,509)	6,460
Tax on loss on ordinary activities	<u>135,804</u>	<u>(135,804)</u>

SDH Bidco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2019

8. Investments

	Shares in group undertakings £
Cost	
At 1 August 2018 and 31 July 2019	<u>24,962,372</u>
Carrying amount	
At 1 August 2018 and 31 July 2019	<u>24,962,372</u>
Subsidiaries	

The Company had investments in the following subsidiary entities during the year:

Name	% Holding	Principal Activity	Country of Incorporation
SDH UK Limited	100%	Holding company	England & Wales
SensePost (PTY) Limited	100%	Cybersecurity professional services	Republic of South Africa
Quadrant Networks Limited	100%	Dormant company	England & Wales
Cygnia Technologies Limited	100%	Cybersecurity services and solutions	England & Wales

SensePost (PTY) Limited holds 100% of the ordinary share capital of SensePost UK Limited a cybersecurity professional services provider incorporated in England & Wales.

The following companies are 100% subsidiaries of SDH UK Limited:

Name	% Holding	Principal Activity	Country of Incorporation
Orange Cyberdefense UK Limited	100%	Cybersecurity services and solutions	England & Wales
SecureData Finance Limited	100%	Dormant company	England & Wales

All subsidiaries' registered office is SecureData House, Hermitage Court, Hermitage Lane, Maidstone, Kent ME16 9NT except SensePost (PTY) Limited. SensePost (PTY) Limited registered office is Unit 2SS, 2nd Floor, Menlyn Corner, 87 Frikkie De Beer Street, Menlyn, Pretoria, South Africa.

9. Debtors

	2019 £	2018 £
Deferred tax asset (note 12)	–	135,804
Prepayments and accrued income	–	14,289
	<u>–</u>	<u>150,093</u>

SDH Bidco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2019

10. Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans and overdrafts	–	3,653,590
Amounts owed to group undertakings	42,496,241	12,220,239
Accruals and deferred income	12,000	289,487
	<u>42,508,241</u>	<u>16,163,316</u>

Bank loans were secured by way of a fixed and floating charge over the assets of the company and were repaid on 31 January 2019.

Amounts owed to group undertakings unsecured and interest free as at 31 July 2019 were £15,358,566 (2018 £12,220,239).

Amounts owed to group undertakings are unsecured and interest bearing, as at 31 July 2019 were £27,137,675 (2018: £2,494,150), charged at 1.54% + LIBOR to June 2020 and 1.74% + LIBOR from July 2020 to September 2021. As at the reporting date the maturity was June 2020, at the date of signing the maturity has been extended to September 2021.

11. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Amounts owed to group undertakings	–	2,494,150
Unsecured Loan notes	–	23,658,580
	<u>–</u>	<u>26,152,730</u>

Bank loans were secured by way of a fixed and floating charge over the assets of the company and were repaid on 31 January 2019.

Loan notes accrue interest between 12.5% and 20.25% and were repaid on 31 January 2019.

SDH Bidco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2019

12. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2019 £	2018 £
Included in debtors (note 9)	<u>–</u>	<u>135,804</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2019 £	2018 £
At 1 August 2018	135,804	–
Released to profit or loss	(259,325)	135,804
Origination and reversal of timing differences		
Adjustment in respect of prior periods	<u>123,521</u>	<u>–</u>
At 31 July 2019	<u>–</u>	<u>135,804</u>

The company has estimated tax losses of £584,921 (2018: £584,921). A deferred tax asset of £99,437 (2018: £99,437) has not been recognised in the financial statements in respect of these losses due to the uncertainty over whether the losses carried forward will be utilised against future periods.

13. Called up share capital

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>212,241</u>	<u>212,241</u>	<u>212,241</u>	<u>212,241</u>

14. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

15. Contingencies

An unlimited composite cross guarantee between all group companies has been given to the Group's principal bankers. At July 2019 borrowings held in the company in respect of this guarantee amounted to £nil (2018: £3,653,590).

16. Commitments

As at 31 July 2019 the company had no capital commitments or contracts for capital expenditure in place in the year (2018: £Nil).

SDH Bidco Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2019

17. Related party transactions

The company has taken advantage of the exemption available under FRS 102 from the requirement to disclose inter-group transactions and balances where 100% of the voting rights are controlled within the group and consolidated financial statements are prepared by the ultimate parent company.

No other transactions require disclosure under FRS 102.

18. Controlling party

The company's ultimate parent company changed to Orange S.A., a company incorporated in France, on 31 January 2019. This is the largest level at which consolidated financial statements are prepared.

Copies of the consolidated financial statements of Orange S.A. can be obtained from;

78 Rue Olivier De Serres
Paris
France
75015

The company's immediate parent company is SDH Holdco Limited, a company incorporated in England and Wales. This is the smallest level at which consolidated financial statements are prepared.

Copies of the consolidated financial statements of SDH Holdco Limited can be obtained from;

SecureData House
Hermitage Court
Hermitage Lane
Maidstone
Kent
ME16 9NT

19. Events after the reporting period

The directors are not aware of any events after the reporting period which would materially affect the accounts.