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Entrust Datacard Denmark A/S

Park Allé 350 D, 2605 Brøndby

Company reg. no. 21 78 03 40

Annual report

1 January 2018 - 31 March 2019

The annual report was submitted and approved by the general meeting on the ~~30 June 2019~~ ^{30 July 2019}.

A handwritten signature in blue ink, appearing to read "Lisa Tibbits".

Lisa Jeanne Tibbits
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Entrust Datacard Denmark A/S for the financial year 1 January 2018 to 31 March 2019.

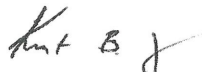
The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 March 2019 and of the company's results of its activities in the financial year 1 January 2018 to 31 March 2019.

The annual report is recommended for approval by the general meeting.

Brøndby, 30 June 2019

Managing Director



Kurt Brian Ishaug

Board of directors



Lisa Jeanne Tibbits



Xavier André J. Coemelck



Kurt Brian Ishaug

Independent auditor's report

To the shareholders of Entrust Datacard Denmark A/S

Opinion

We have audited the annual accounts of Entrust Datacard Denmark A/S for the financial year 1 January 2018 to 31 March 2019, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 March 2019 and of the results of the company's operations for the financial year 1 January 2018 to 31 March 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

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

Hillerød, 30 June 2019

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36



Claus Koskelin

State Authorised Public Accountant
mne30140

Company data

The company	Entrust Datacard Denmark A/S Park Allé 350 D 2605 Brøndby
	Company reg. no. 21 78 03 40 Established: 27 June 1999 Domicile: Brøndby Financial year: 1 January - 31 March
Board of directors	Lisa Jeanne Tibbits Xavier André J. Coemelck Kurt Brian Ishaug
Managing Director	Kurt Brian Ishaug
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Nordstensvej 11 3400 Hillerød
Parent company	Mousquetaires Holding ApS

Accounting policies used

The annual report for Entrust Datacard Denmark A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Accounting policies used

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, other operating income, and external costs.

Other external expenses include the year's expenses relating to the company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

Accounting policies used

The balance sheet

Intangible fixed assets

Patents, and licences

Items of intangible assets comprise patents and software and are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use

Patents and licenses are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line basis over the remaining patent period, and licenses are amortised over the contract period, however, for a maximum of 10 years.

Tangible fixed assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use

The basis of depreciation is cost with the addition of revaluations at fair value and with the deduction of expected residual value after the end of the useful life of the asset.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in the company's equity.

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	<i>Useful life</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-5 years</i>

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Accounting policies used

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Reserves for net revaluation as per the equity method

Reserves for net revaluation as per the equity method comprise net revaluation of equity investments in subsidiaries and associates in proportion to cost.

The reserves may be eliminated in case of losses, realisation of equity investments or changes in the financial estimates.

It is not possible to recognise the reserves with a negative amount.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Accounting policies used

According to the rules of joint taxation, Entrust Datacard Denmark A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

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

Profit and loss account

Amounts concerning 2018/19: DKK.

Amounts concerning 2017: DKK in thousands.

<u>Note</u>	1/1 2018 - 31/3 2019	1/1 2017 - 31/12 2017
Gross profit	57.180.758	24.300
2 Staff costs	-44.527.484	-36.967
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-213.470	-347
Operating profit	12.439.804	-13.014
Income from equity investments in group enterprises	53.948	284
Other financial income	234.207	456
3 Other financial costs	-132.415	-437
Results before tax	12.595.544	-12.711
Tax on ordinary results	-386.452	1.087
Results for the year	12.209.092	-11.624
Proposed distribution of the results:		
Reserves for net revaluation as per the equity method	-736.449	284
Allocated to results brought forward	12.945.541	0
Allocated from results brought forward	0	-11.908
Distribution in total	12.209.092	-11.624

Balance sheet

Amounts concerning 2019: DKK.

Amounts concerning 2017: DKK in thousands.

<u>Note</u>	<u>31/3 2019</u>	<u>31/12 2017</u>
Assets		
Fixed assets		
Acquired intangible assets	507.577	666
Intangible fixed assets in total	<u>507.577</u>	<u>666</u>
Other plants, operating assets, and fixtures and furniture	237.293	142
Tangible fixed assets in total	<u>237.293</u>	<u>142</u>
Equity investments in group enterprises	0	737
Deposits	150.966	148
Financial fixed assets in total	<u>150.966</u>	<u>885</u>
Fixed assets in total	<u>895.836</u>	<u>1.693</u>
Current assets		
Trade debtors	10.371.508	16.746
Amounts owed by group enterprises	74.438	61
Receivable corporate tax	0	1.040
Other debtors	546.693	578
Debtors in total	<u>10.992.639</u>	<u>18.425</u>
Available funds	16.520.341	4.107
Current assets in total	<u>27.512.980</u>	<u>22.532</u>
Assets in total	<u>28.408.816</u>	<u>24.225</u>

Balance sheet

Amounts concerning 2019: DKK.

Amounts concerning 2017: DKK in thousands.

Equity and liabilities		
<u>Note</u>	<u>31/3 2019</u>	<u>31/12 2017</u>
Equity		
	500.000	500
4	0	736
	-26.029.960	-38.976
	-25.529.960	-37.740
Liabilities		
	68.104	152
	45.280.724	45.964
	852	1.504
	74.396	8.063
	386.452	0
	8.128.248	6.282
	53.938.776	61.965
	53.938.776	61.965
	28.408.816	24.225

1 The significant activities of the enterprise**5 Contingencies**

Notes

Amounts concerning 2018/19: DKK.

Amounts concerning 2017: DKK in thousands.

1. The significant activities of the enterprise

Entrust Datacard Denmark A/S is an internationally recognised and leading producer and leading producer of software within the field of IT Security. The Company produces and sells IT Security Software, which protects employees against identify theft through multi-factor authentication, when using remote access systems and cloud applications etc. The product is sold globally through distributors and resellers.

	1/1 2018 - 31/3 2019	1/1 2017 - 31/12 2017
2. Staff costs		
Salaries and wages	40.291.177	33.857
Pension costs	956.241	831
Other costs for social security	2.029.932	1.327
Other staff costs	1.250.134	952
	44.527.484	36.967
Average number of employees	36	38
3. Other financial costs		
Other financial costs	132.415	437
	132.415	437
	<u>31/3 2019</u>	<u>31/12 2017</u>
4. Reserves for net revaluation as per the equity method		
Reserves for net revaluation 1 January 2018	736.449	736
Share of results	-736.449	0
	0	736

Notes

Amounts concerning 2018/19: DKK.

Amounts concerning 2017: DKK in thousands.

5. Contingencies

Contingent liabilities

Leasing liabilities

The company has entered into a lease agreement on the premises at Park Allé 350 D, 2. in Brøndby. The lease agreement is terminable at six' months notice. The liability amounts to t.DKK 257.

Joint taxation

Mousquetaires Holding ApS, company reg. no 20 08 20 01 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.