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Entrust Denmark A/S

Park Allé 350 D, 2605 Brøndby

Company reg. no. 21 78 03 40

Annual report

1 April 2020 - 31 March 2021

The annual report was submitted and approved by the general meeting on the 31 August 2021.

Lisa Jeanne Tibbits
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the board of directors and the managing director have presented the annual report of Entrust Denmark A/S for the financial year 1 April 2020 - 31 March 2021.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company’s assets, equity and liabilities, and financial position at 31 March 2021 and of the company’s results of activities in the financial year 1 April 2020 – 31 March 2021.

We recommend that the annual report be approved by the general meeting.

Brøndby, 31 August 2021

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 Denmark A/S

Opinion

We have audited the financial statements of Entrust Denmark A/S for the financial year 1 April 2020 - 31 March 2021, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 March 2021 and of the results of the company's activities for the financial year 1 April 2020 - 31 March 2021 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 section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report 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 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.

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of 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 and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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, 31 August 2021

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

Claus Koskelin
State Authorised Public Accountant
mne30140

Company information

The company	Entrust Denmark A/S Park Allé 350 D 2605 Brøndby	
	Company reg. no.	21 78 03 40
	Established:	27 June 1999
	Domicile:	Broendby
	Financial year:	1 April - 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	Entrust Europe Ltd, UK	

Income statement 1 April - 31 March

Amounts concerning 2020/21: DKK.

Amounts concerning 2019/20: DKK thousand.

Note		2020/21	2019/20
	Gross profit	**60.997.787**	**63.659**
2	Staff costs	-24.647.674	-31.113
	Depreciation and impairment of non-current assets	-143.172	-182
	Other operating costs	-109.740	0
	Operating profit	**36.097.201**	**32.364**
	Other financial income from group enterprises	988.587	151
	Other financial income	326.287	0
	Other financial costs	-533.697	-465
	Pre-tax net profit or loss	**36.878.378**	**32.050**
	Tax on net profit or loss for the year	-8.115.778	-3.927
	Net profit or loss for the year	**28.762.600**	**28.123**
	Proposed appropriation of net profit:		
	Dividend for the financial year	30.260.000	0
	Transferred to retained earnings	0	28.123
	Allocated from retained earnings	-1.497.400	0
	Total allocations and transfers	**28.762.600**	**28.123**

Statement of financial position at 31 March

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

Assets

Note		2021	2020
	Non-current assets		
	Acquired intangible assets	310.781	385
	Total intangible assets	310.781	385
	Other fixtures and fittings, tools and equipment	221.827	220
	Total property, plant, and equipment	221.827	220
	Deposits	157.814	154
	Total investments	157.814	154
	Total non-current assets	**690.422**	**759**
	Current assets		
	Trade receivables	12.151.231	38.401
	Receivables from group enterprises	58.777.949	18.652
3	Deferred tax assets	3.697.596	1.453
	Other receivables	284.430	324
	Total receivables	74.911.206	58.830
	Cash on hand and demand deposits	15.200.037	12.074
	Total current assets	**90.111.243**	**70.904**
	Total assets	**90.801.665**	**71.663**

Statement of financial position at 31 March

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

Equity and liabilities

Note		2021	2020
	Equity		
	Contributed capital	500.000	500
	Retained earnings	139	1.498
	Proposed dividend for the financial year	30.260.000	0
	Total equity	**30.760.139**	**1.998**
	Liabilities other than provisions		
	Other payables	0	1.480
	Total long term liabilities other than provisions	0	1.480
	Bank loans	854	25
	Prepayments received from customers	51.386.175	50.555
	Trade payables	161.110	675
	Payables to group enterprises	796.387	86
	Income tax payable	1.378.522	5.399
	Other payables	6.318.478	11.445
	Total short term liabilities other than provisions	60.041.526	68.185
	Total liabilities other than provisions	**60.041.526**	**69.665**
	Total equity and liabilities	**90.801.665**	**71.663**

1 The significant activities of the enterprise
4 Contingencies
5 Related parties

Statement of changes in equity

DKK thousand.

	Contributed capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 April 2019	500	-26.030	0	-25.530
Retained earnings for the year	0	28.123	0	28.123
Adjustment 1	0	-595	0	-595
Equity 1 April 2020	500	1.498	0	1.998
Retained earnings for the year	0	-1.498	30.260	28.762
	500	**0**	**30.260**	**30.760**

Notes

Amounts concerning 2020/21: DKK.
Amounts concerning 2019/20: DKK thousand.

1. The significant activities of the enterprise

Entrust Denmark A/S is an internationally recognized 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 through distributors and resellers.

		2020/21	2019/20
2.	**Staff costs**		
	Salaries and wages	23.877.755	30.006
	Pension costs	625.058	590
	Other costs for social security	144.861	517
		24.647.674	**31.113**
	Average number of employees	25	24
3.	**Deferred tax assets**		
	Deferred tax assets 1 April 2020	1.453.002	0
	Deferred tax of the net profit or loss for the year	2.244.594	1.453
		3.697.596	**1.453**

Deferred tax assets comprise mostly of licenses with af duration of 12 months or fewer which has not been recognized as income in the annual report but is subject to taxation.

4. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into a office 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 281.

5. Related parties

Consolidated financial statements

The company is included in the consolidated financial statements of Datacard International Limited, Forum 3, Solent Business Park, Whiteley, Fareham PO15 7FH.

Accounting policies

The annual report for Entrust Denmark A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

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. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Income statement

Gross profit

Gross profit comprises the revenue, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Accounting policies

Statement of financial position

Intangible assets

Patents, and licences

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant, and equipment

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less 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 carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Accounting policies

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Deposits

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

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Accounting policies

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, 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. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.