

Norman Data Defense Systems A/S

Gl. Bogensevej 15
5560 Aarup

CVR No. 25839080

Annual Report 2016

16. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 7 July 2017

Kelby Frederick Barton
Chairman

Norman Data Defense Systems A/S

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Norman Data Defense Systems A/S

Management's Statement

Today, Management has considered and adopted the Annual Report of Norman Data Defense Systems A/S for the financial year 1 January 2016 - 31 December 2016.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January 2016 - 31 December 2016.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

The conditions for not conducting an audit of the Financial Statement have been met.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Oslo, 7 July 2017

Executive Board

Isabella Sabine Alveberg
General Manager

Supervisory Board

Alan Arthur Rassaby
Chairman

Rene Heinrich Bienz

Kelby Frederick Barton

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Auditor's Report on Compilation of Financial Statements

To the day-to-day management of Norman Data Defense Systems A/S

We have compiled the Financial Statements of Norman Data Defense Systems A/S for the financial year 1 January 2016 - 31 December 2016 based on the Company's bookkeeping and other information provided by it.

The Financial Statements comprise Accounting Policies, Income Statement, Balance Sheet and Notes.

We have completed the engagement of Compiling Financial Information in accordance with The International Standards on Related Services, ISRS 4410 (Revised), Compilation Engagements.

We have applied our professional expertise to assist you in the preparation and presentation of these Financial Statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions in the Danish Act on Auditors and Audit Firms as well as Danish Auditors' (FSR) ethical rules for auditors, including principles of integrity, objectivity, professional competence and due care.

The Financial Statement and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement regarding financial information is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you have given us in order for us to compile the Financial Statements. Accordingly, we do not express an audit or review opinion on whether the Financial Statements are prepared in accordance with the Danish Financial Accounts Act.

Bogense, 7 July 2017

Kreston JC
Statsautoriseret Revisionsanpartsselskab
CVR-no. 27619096

Jan Christiansen
State Authorised Public Accountant

Norman Data Defense Systems A/S

Company details

Company	Norman Data Defense Systems A/S Gl. Bogensevej 15 5560 Aarup
Telephone	63110508
Telefax	65905102
email	accounting.no@avg.com
Website	www.norman.com/dk
CVR No.	25839080
Date of formation	20 December 2000
Registered office	Assens
Financial year	1 January 2016 - 31 December 2016
Supervisory Board	Alan Arthur Rassaby, Chairman Rene Heinrich Bienz Kelby Frederick Barton
Executive Board	Isabella Sabine Alveberg, General Manager
Auditors	Kreston JC Statsautoriseret Revisionsanpartsselskab Vestre Engvej 3 5400 Bogense CVR-no.: 27619096
Attorneys	Paragraph3 Kronprinsessegade 6, st. 1306 København K

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Management's Review

The Company's principal activities

The Company's principal activities consist in selling software including licenses, primarily to be used for establishing security for avoiding unauthorised access to IT-systems.

Development in activities and financial matters

The Company's Income Statement of the financial year 1. januar 2016 - 31. december 2016 shows a result of DKK -25.119 and the Balance Sheet at 31. december 2016 a balance sheet total of DKK 1.814.101 and an equity of DKK -8.414.793.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Expectations for the future

The Company expects its operations to develop positively next year.

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Accounting Policies

Reporting Class

The Annual Report of Norman Data Defense Systems A/S for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

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Accounting Policies

Income Statement

Gross profit/loss

The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Revenue

Sales of software

Income from the sale of software is recognised in the Income Statement from the date of delivery and when the risk has passed to the buyer if it is possible to calculate the income reliably.

IC Service & Distribution fees

Revenue from intercompany services is recognized when services are delivered. Revenue from charges related to distribution of costs to other companies within the group of AVG is recognized when the invoice to the receiver is processed and sent.

The revenue is calculated exclusive of VAT, charges and discounts.

Other expenses

Other expenses comprise external expenses regarding housing, sale and administration. In addition, other expenses also includes intercompany charges of management- and service fees, charged by the parent company.

Staff expenses

Staff expenses comprise wages and salaries, pensions and social security costs.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised gains and losses regarding foreign currency transactions as well as surcharges and allowances under the tax repayment scheme.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity. The current tax rate is 22%.

Balance Sheet

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

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Accounting Policies

Provisions

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Financial liabilities

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

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

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Income Statement

	Note	2016 kr.	2015 kr.
Gross profit		-17.728	87.992
Profit from ordinary operating activities		-17.728	87.992
Finance expences	1	-7.391	-815
Profit from ordinary activities before tax		-25.119	87.177
Profit		-25.119	87.177
Proposed distribution of results			
Retained earnings		-25.119	87.177
Distribution of profit		-25.119	87.177

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Balance Sheet as of 31 December

	Note	2016 kr.	2015 kr.
Assets			
Short-term trade receivables		221.422	448.554
Short-term receivables from associates		0	681.511
Current deferred tax	2	1.592.679	1.592.679
Receivables		1.814.101	2.722.744
Cash and cash equivalents		0	537.380
Current assets		1.814.101	3.260.124
Assets		1.814.101	3.260.124

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Balance Sheet as of 31 December

	Note	2016 kr.	2015 kr.
Liabilities and equity			
Contributed capital		500.200	500.200
Retained earnings		-8.914.993	-8.889.874
Equity	3	-8.414.793	-8.389.674
Payables to group enterprises		7.643.926	7.643.926
Deferred income, liabilities		773.969	602.084
Long-term liabilities other than provisions	4	8.417.895	8.246.010
Trade payables		29.120	1.986
Payables to group enterprises		1.202.758	1.996.922
Other payables		207.364	87.269
Deferred income, liabilities		371.757	1.317.611
Short-term liabilities other than provisions		1.810.999	3.403.788
Liabilities other than provisions within the business		10.228.894	11.649.798
Liabilities and equity		1.814.101	3.260.124
Uncertainties relating to going concern	5		
Uncertainty connected with recognition or measurement	6		
Contingent liabilities	7		
Collaterals and assets pledges as security	8		
Ownership	9		
Related parties	10		

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Notes

	2016	2015
1. Finance expenses		
Other finance expenses	7.391	815
	<u>7.391</u>	<u>815</u>
2. Deferred tax asset		
Taxable loss carried forward	-2.666.217	-2.660.691
Transferred to deferred tax asset	2.666.217	2.660.691
	<u>0</u>	<u>0</u>
Deferred tax asset	2.666.217	2.660.691
Estimated Impairment	-1.073.538	-1.068.012
	<u>1.592.679</u>	<u>1.592.679</u>

3. Statement of changes in equity

	Contributed capital	Retained earnings	Alt
Equity, beginning balance	500.200	-8.889.874	-8.389.674
Proposed distribution of results		-25.119	-25.119
	<u>500.200</u>	<u>-8.914.993</u>	<u>-8.414.793</u>

The share capital consists of 1,000,400 shares in DKK 0.5 denominations. All shares carries the same voting rights.

The share capital has remained unchanged for the last 5 years.

4. Long-term liabilities

	Due after 1 year	Due within 1 year	Due after 5 years
Payables to group enterprises	7.643.926	1.202.758	0
Deferred income	773.969	371.757	0
	<u>8.417.895</u>	<u>1.574.515</u>	<u>0</u>

5. Uncertainties relating to going concern

It is the intention of the company to continue distributing Norman's Products in Denmark through Norway. Norman Defense Systems A/S will continue as an active company, and it is expected that the company will also make a profit in 2017. The Parent Company has issued a letter of support in which the Parent Company commits to restoring equity.

The letter of support covers the period to 31 December 2017.

Company Management expects the Parent Company to support the Company with the required liquidity also after 31 December 2017.

6. Uncertainty connected with recognition or measurement

The company has chosen to recognise deferred tax. As at 31 December 2016, DKK 1,592,679, is recognised as a tax asset. With reference to Note 5, it is Management's assessment that the valuation is fair and sound, as Management expect future profit that will enable use of the deferred tax asset.

7. Contingent liabilities

The company has liabilities related to maintenance of sold antivirus software subscriptions for a period of up to 3 years from date of invoicing. Income from the sale of antivirus subscriptions are distributed over the subscription period.

8. Collaterals and securities

No securities or mortgages exist at the balance sheet date.

9. Ownership

The following capital owner is registered in the Register of Owners as owing a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

AVG Technologies Norway AS

The company is a wholly owned subsidiary of AVG Technologies Norway AS, reg. no. NO 998 527 864 with its registered office in Lysaker, Norway.

10. Related parties

The smallest group in which the company is included is the consolidated accounts for AVG Technologies N.V. AVG Technologies Holdings B.V. acquired AVG Technologies Norway AS in 2014.

The consolidated accounts for the AVG Group is available on www.avg.com.

Controlling interests:

Parent Company - AVG Technologies Norway AS

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Notes

2016

2015

Transactions with related party disclosures:

Except from transactions with related companies there has been no transactions with the Board, Management, key employees, shareholders, related companies or other related parties.