

Cryptomathic Holding ApS

Åboulevarden 22, 2. sal, 8000 Aarhus C,
Denmark

Annual report 2020

Registration No. 26 60 64 03

The annual report has been presented and approved at the
annual general meeting, 25 March 2021.

Charlotte Møller Andersen
Chairman

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Statement by the Executive Board and Board of Directors

The Executive Board and Board of Directors have today discussed and approved the annual report of Cryptomathic Holding ApS for the financial year 1 January – 31 December 2020.

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

It is our opinion that the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the issues included.

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

Aarhus, 25 March 2021

Executive Board

Charlotte Møller Andersen

Board of Directors

Peter Landrock, Chairman

Mads Landrock



Morten Landrock

Independent auditor's reports

To the shareholders of Cryptomathic Holding ApS

Opinion

We have audited the financial statements of Cryptomathic Holding ApS for the financial year 1 January – 31 December 2020, which comprise an income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as 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 in preparing the financial statements 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 as to 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 and 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 the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement 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 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 use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent 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 internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and 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 Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 25 March 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Pungvig Jensen
State authorized public accountant
mne24825

Management's review

| | |
|---------------------------|--|
| Company details | Cryptomathic Holding ApS Åboulevarden 22, 2. sal 8000 Aarhus C Denmark |
| | Registration No.: 26 60 64 03 Established: 1 January 2002 Registered office: Aarhus Financial year: 1 January – 31 December |
| Board of Directors | Peter Landrock (chairman) Mads Landrock Morten Landrock |
| Executive Board | Charlotte Møller Andersen |
| Ownership | The majority of shares are owned by PT af 1. januar 2012 ApS, Åboulevarden 22, 2. sal, 8000 Aarhus C, Denmark |
| Auditors | EY Godkendt Revisionspartnerselskab Værkmestergade 25 Postboks 330 8000 Aarhus C Denmark |

Principal activities

The purpose of the company is to own shares - as well as Intellectual Property produced - in Cryptomathic A/S. The principal activity of Cryptomathic is development, sale and maintenance of software related to electronic security (e-Security). The customers are typically banks and financial institutions, telecommunication companies, governments (e-Passport), software houses and system integrators.

Development in the activities and financial affairs

Profit before tax is DKK 18.7 million against a profit of DKK 13.5 million in 2019.

Tax on profit for the year is a cost of DKK 1.1 million against a cost of DKK 0.8 million in 2019. After this, result for the year is a profit of DKK 17.6 million against a profit of DKK 12.7 million in 2019.

Equity comprises DKK 33.8 million at year-end.

Events after the balance sheet date

No events of any significance affecting the financial position of the company occurred after the end of the financial year.

Income statement 1 January - 31 December

| | Note | <u>2020</u> | <u>2019</u> |
|---------------------------------------|------|--------------------------|--------------------------|
| Gross profit | | 5.118.167 | 3.796.978 |
| Administrative expenses | | (51.957) | (51.442) |
| Operating profit | | 5.066.210 | 3.745.536 |
| Profit in subsidiaries after tax | 3 | 13.642.104 | 9.796.065 |
| Interest expense and similar items | 4 | (8.938) | (45.416) |
| Profit before tax | | 18.699.376 | 13.496.185 |
| Tax on profit for the year | 5 | (1.112.594) | (804.916) |
| Profit for the year | | <u>17.586.782</u> | <u>12.691.269</u> |
| <i>Proposed profit appropriation:</i> | | | |
| Reserve for development assets | | (1.499.125) | (1.499.123) |
| Retained earnings | | 19.085.907 | 14.190.392 |
| | | <u>17.586.782</u> | <u>12.691.269</u> |

Balance sheet at 31 December

| ASSETS | Note | 2020 | 2019 |
|-----------------------------------|------|-------------------|-------------------|
| Patents, trade marks and products | | - | 1.921.955 |
| Total intangible assets | | - | 1.921.955 |
| Investments in subsidiaries | 3 | 24.031.937 | 19.796.100 |
| Total investments | | 24.031.937 | 19.796.100 |
| TOTAL FIXED ASSETS | | 24.031.937 | 21.718.055 |
| Amounts owed by group enterprises | | 10.314.224 | 7.094.115 |
| Total receivables | | 10.314.224 | 7.094.115 |
| Cash at bank and in hand | | 9.399 | 2.119 |
| TOTAL CURRENT ASSETS | | 10.323.623 | 7.096.234 |
| TOTAL ASSETS | | 34.355.560 | 28.814.289 |

Balance sheet at 31 December

| EQUITY AND LIABILITIES | Note | 2020 | 2019 |
|---|------|-------------------|-------------------|
| Share capital | | 62.252 | 61.629 |
| Net revaluation regarding development assets | | - | 1.499.125 |
| Retained earnings | | 33.735.883 | 25.147.068 |
| TOTAL EQUITY | 7 | 33.798.135 | 26.707.822 |
| Deferred tax | | - | 422.830 |
| Total provisions | | - | 422.830 |
| Bank loan | | - | 804.583 |
| Corporate tax payable | | 535.424 | 857.054 |
| Other payables | | 22.001 | 22.000 |
| Total short-term liabilities | | 557.425 | 1.683.637 |
| TOTAL LIABILITIES | | 557.425 | 1.683.637 |
| TOTAL EQUITY, PROVISIONS AND LIABILITIES | | 34.355.560 | 28.814.289 |
| Accounting policies | 1 | | |
| Contingent liabilities | 7 | | |
| Consolidated financial statements | 8 | | |

Notes

Note 1 Accounting policies

The annual report of Cryptomathic Holding ApS has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

In accordance with section 32 of the Danish Financial Statements Act the company has aggregated the items revenue, cost of sales and other operating income and instead added the item gross profit.

In accordance with section 112 (1) of the Danish Financial Statements Act the company has omitted the presentation of consolidated financial statements.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date.

Foreign exchange differences are recognised in the income statement as interest income or expense and similar items.

On recognition of foreign subsidiaries, the income statements are translated at the average exchange rates for the year, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Non-current assets acquired in foreign currency are measured at the exchange rate at the transaction date.

Notes

Note 1 Accounting policies (continued)

Income statement

Gross profit/loss

Revenue from sales is recognised in net sales when transition of the main benefits and risks to the buyer has taken place, the income can be calculated reliably and payment is expected to be received. The time of transition of the main benefits and risks is based on standard delivery terms based on Incoterms® 2020.

Net sales are measured at the fair value of the agreed consideration excl. VAT and taxes charged on behalf of third parties. All forms of discounts are recognized in net sales.

Production costs comprise costs incurred in generating revenue for the year. Such costs include direct and indirect costs of raw materials and consumables.

Production costs also comprise research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year related to administration of the company.

Profits/losses from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries after full elimination of intra-group profits/losses and amortization of negative goodwill is recognized on a separate line in the income statement of the company.

Interest income and expense and similar items

Interest income and expense and similar items comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme etc.

Tax on profit/loss for the year

Cryptomathic Holding ApS is covered by the Danish regulations concerning compulsory joint taxation with the Danish subsidiary and the parent company PT af 1. januar 2012 ApS and its Danish parent companies. The current Danish corporation tax is apportioned through payment of joint tax contribution between the jointly taxed companies in relation to their taxable incomes.

Notes

Note 1 Accounting policies (continued)

Tax for the year, which comprises the year's joint tax contribution and changes in deferred tax, is included in the income statement with the proportion that is attributable to the year's result and directly in the equity with the proportion that is attributable to the items directly in the equity. The recognised tax relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax is allocated to the profit/loss for the year from ordinary activities.

Balance sheet

Intangible assets

Licences, patents, software, development assets etc. are measured at cost and are amortised on a straight-line basis over the estimated useful life, although not exceeding ten years. The intellectual property rights acquired are expected to be in use for a period of at least ten years, corresponding to the amortisation period used.

The amortisation period is usually 3-10 years for intangible assets.

The amortization period and the residual value are determined at the acquisition date and are reviewed annually. If the residual value exceeds the carrying amount of the asset, depreciation ceases. Changes in the amortization period or residual value include the effect on depreciation for the future as a change in accounting estimates.

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies minus or plus unrealised intra-group profits and losses and with subtraction of the carrying amount of negative goodwill.

Goodwill is amortised over the expected useful life of 5 years.

Net revaluation of investments in subsidiaries is transferred to the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost.

Impairment of non-current assets

The carrying amount of property, plant and equipment and investments in subsidiaries is assessed annually for indications of impairment, in addition to that expressed by depreciation.

If there are indications of impairment, impairment tests of each asset or group of assets are carried out. Write-downs are made at the recoverable amount if this is lower than the carrying amount.

Notes

Note 1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost. Amortised cost corresponds in all material respects to nominal value. Write-down is made for bad debt losses. Equity

Equity

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Cash and cash equivalents

Cash and cash equivalents include bank deposits.

Corporation tax and deferred tax

Joint tax contribution liabilities and receivables calculated on the taxable income for the year, adjusted for any tax from previous years' taxable income as well as prepaid on-account taxes, are recognised in the balance sheet as corporation tax liability or corporation tax receivable.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction. Changes in deferred tax assets resulting from a change in the tax rate are recognised in the income statement.

Liabilities

Amount owed to subsidiary is measured at amortised cost. The liability is calculated as initial amount plus the cumulative amortisation of the difference between the initial amount and the maturity amount using a constant effective interest rate. Other liabilities are measured at net realisable value.

Notes

Note 2 Employees

The company has no employees.

Note 3 Investments in subsidiaries

| | <u>2020</u> | <u>2019</u> |
|--|--------------------------|--------------------------|
| Cost at 1 January | 71.525.326 | 71.525.326 |
| Additions during the year | - | - |
| Cost at 31 December | <u>71.525.326</u> | <u>71.525.326</u> |
| Revaluations at 1 January | (51.729.226) | (61.931.958) |
| Foreign exchange adjustments | (1.406.267) | 369.635 |
| Profit/loss after tax | 13.642.104 | 9.833.097 |
| Received dividend on additions during the year | <u>(8.000.000)</u> | <u>-</u> |
| Revaluations at 31 December | <u>(47.493.389)</u> | <u>(51.729.226)</u> |
| Equity value at 31 December | 24.031.937 | 19.796.100 |
| Negative goodwill | 37.032 | 37.032 |
| Amortisation | <u>(37.032)</u> | <u>(37.032)</u> |
| Carrying amount at 31 December | <u>24.031.937</u> | <u>19.796.100</u> |

| Name and registered office | Ownership of outstanding shares | Equity, DKK | Carrying amount, DKK | Profit for the year, DKK | Regnskabs- mæssig værdi |
|---|---------------------------------------|-------------|-------------------------|-----------------------------|----------------------------|
| Cryptomathic A/S, Aarhus, Denmark | 100,0% | 772.224 | 24.031.937 | 13.642.104 | 24.031.937 |
| Intra-group profits | | | | - | (32.251.863) |
| Amortisation of intangible assets | | | | - | 32.251.863 |
| Profit for the year and carrying amount | | | | <u>13.642.104</u> | <u>24.031.937</u> |

Notes

| | <u>2020</u> | <u>2019</u> |
|--|--------------------|------------------|
| Note 4 Interest expense and similar items | | |
| Other financial expense | 8.938 | 45.416 |
| | <u>8.938</u> | <u>45.416</u> |
| Note 5 Tax on profit for the year | | |
| Current tax for the year | (1.535.424) | (1.257.586) |
| Changes in deferred tax for the year | 422.830 | 452.670 |
| | <u>(1.112.594)</u> | <u>(804.916)</u> |
| Note 6 Deferred tax | | |
| Calculated deferred tax | - | (422.830) |
| Deferred tax | - | (422.830) |

Expected utilisation of DKK 0 thousand is more than one year after the end of the financial year (2019: DKK 0 thousand).

Note 7 Equity

| | <u>Share capital</u> | <u>Reserve for development assets</u> | <u>Retained earnings</u> | <u>Total</u> |
|--|----------------------|---------------------------------------|--------------------------|-------------------|
| Equity at 1 January | 61.629 | 1.499.125 | 25.147.068 | 26.707.822 |
| Dividends paid | - | - | (10.000.000) | (10.000.000) |
| Foreign exchange adjustments, foreign subsidiaries | - | - | (1.406.267) | (1.406.267) |
| Capital increase | 623 | - | 909.175 | 909.798 |
| Profit for the year | - | (1.499.125) | 19.085.907 | 17.586.782 |
| Equity at 31 December | <u>62.252</u> | <u>-</u> | <u>33.735.883</u> | <u>33.798.135</u> |

In 2016, the share capital was reduced from 125.000 to 61.629.

In 2020, the company issued 623 new shares and thereby increased the share capital to 62.252.

Apart from that, the share capital has remained unchanged for the last 5 years.

Notes

Note 8 Contingencies

The company is jointly and severally liable for tax under the Danish joint taxation with the subsidiary Cryptomathic A/S and the parent company PT af 1. januar 2012 ApS and its Danish parent companies. The known net tax liability of the jointly taxed companies is DKK 703 thousand as at 31 December 2020. Subsequent corrections of the joint taxable income, if any, might result in an increased liability for the company. The company is also jointly and severally liable for VAT under the joint VAT registration with the subsidiary Cryptomathic A/S. VAT liability as at 31 December 2020 is DKK 0 thousand (2019: DKK 398).

Note 9 Consolidation

Cryptomathic Holding ApS and subsidiaries are included in the consolidated financial statements for LHH2 ApS
c/o Cryptomathic A/S
Åboulevarden 22, 2. sal
8000 Aarhus C
Denmark
Registration no.: 38 53 46 88

ΠΕΝΝΕΟ

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Charlotte Møller Andersen

Executive Board

On behalf of: Cryptomathic Holding ApS

Serial number: PID:9208-2002-2-481509130872

IP: 87.55.xxx.xxx

2021-03-26 14:27:01Z

NEM ID 

Charlotte Møller Andersen

Chairman

On behalf of: Cryptomathic Holding ApS

Serial number: PID:9208-2002-2-481509130872

IP: 87.55.xxx.xxx

2021-03-26 14:27:01Z

NEM ID 

Peter Landrok

Chairman

On behalf of: Cryptomathic Holding ApS

Serial number: PID:9208-2002-2-226596711982

IP: 81.101.xxx.xxx

2021-03-26 14:58:10Z

NEM ID 

The name is withheld (SSN validated)

Board of Directors

On behalf of: Cryptomathic Holding ApS

Serial number: PID:9208-2002-2-816049102075

IP: 73.156.xxx.xxx

2021-03-28 22:11:56Z

NEM ID 

Henrik Pungvig Jensen

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: CVR:30700228-RID:1265980872331

IP: 145.62.xxx.xxx

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