

Cryptomathic Holding ApS

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

Annual report 2021

Registration No. 26 60 64 03

The annual report has been presented and approved at the
annual general meeting, 9 May 2022



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 2021.

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 2021 and of the results of the company's operations for the financial year 1 January – 31 December 2021.

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, 9 May 2022

Executive Board

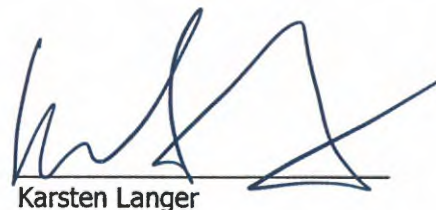


Charlotte Møller Andersen

Board of Directors



Peter Landrock, Chairman



Karsten Langer



Michael Weber



Jeroen Hubert Lenssen

Independent Auditor's Report

To the shareholder of Cryptomathic Holding ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Cryptomathic Holding ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

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 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 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

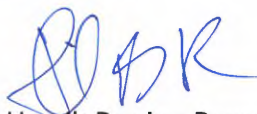
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 9 May 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Henrik Berring Rasmussen
State Authorized Public Accountant
mne34157



Martin Stenstrup Toft
State Authorized Public Accountant
mne42786

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) Karsten Langer Michael Weber Jeroen Hubert Lenssen
Executive Board	Charlotte Møller Andersen
Ownership	The majority of shares are owned by REF IVV BidCo ApS, Åboulevarden 22, 2. sal, 8000 Aarhus C, Denmark
Auditors	PricewaterhouseCoopers Jens Chr. Skous Vej 1 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 11.2 million against a profit of DKK 18.7 million in 2020.

Tax on profit for the year is a cost of DKK 1.9 million against a cost of DKK 1.1 million in 2020. After this, result for the year is a profit of DKK 9.3 million against a profit of DKK 17.6 million in 2020.

Equity comprises DKK 29.6 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>2021</u>	<u>2020</u>
Gross profit		9.270.940	5.118.167
Depreciations		(817.451)	(51.957)
Operating profit		8.453.489	5.066.210
Profit in subsidiaries after tax	3	2.748.998	13.642.104
Financial cost		(195)	(8.938)
Profit before tax		11.202.292	18.699.376
Tax on profit for the year	4	(1.859.725)	(1.112.594)
Profit for the year		<u>9.342.567</u>	<u>17.586.782</u>
<i>Proposed profit appropriation:</i>			
Proposed dividends		7.563.130	-
Reserve for development assets		4.863.563	(1.499.125)
Retained earnings		(3.084.126)	19.085.907
		<u>9.342.567</u>	<u>17.586.782</u>

Balance sheet at 31 December

ASSETS	Note	2021	2020
Patents		2.368.076	-
Completed development projects		6.235.338	-
Total intangible assets		8.603.414	-
Investments in subsidiaries	3	28.212.215	24.031.937
Total investments		28.212.215	24.031.937
TOTAL FIXED ASSETS		36.815.629	24.031.937
Amounts owed by group enterprises		-	10.314.224
Total receivables		-	10.314.224
Cash at bank and in hand		22.872	9.399
TOTAL CURRENT ASSETS		22.872	10.323.623
TOTAL ASSETS		36.838.501	34.355.560

Balance sheet at 31 December

EQUITY AND LIABILITIES	Note	2021	2020
Share capital		62.252	62.252
Net revaluation regarding development assets		4.863.563	-
Retained earnings		17.083.037	33.735.883
Proposed dividends		7.563.130	-
TOTAL EQUITY	5	29.571.982	33.798.135
Deferred tax		1.859.725	-
Other provisions		196.836	-
Total provisions		2.056.561	-
Amounts owed to group enterprises		5.187.958	-
Corporate tax payable		-	535.424
Other payables		22.000	22.001
Total short-term liabilities		5.209.958	557.425
TOTAL LIABILITIES		5.209.958	557.425
TOTAL EQUITY, PROVISIONS AND LIABILITIES		36.838.501	34.355.560
Accounting policies	1		
Contingencies and securities	6		
Consolidated financial statements	7		

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

In 2021 the Company have changed the income statement from by function to by nature as this gives a better picture of the business and is what is used in the internal reporting.

Apart from that, 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 recognized 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 recognized 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

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

Revenue

Revenue from sales is recognized 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.

Cost of sales

Cost of sales comprise costs incurred in generating revenue for the year. Such costs include costs of raw materials and consumables.

Other external cost

Other external cost includes sales and marketing cost, Cost related to IP rights and administration cost.

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.

Financial income and cost

Financial income and cost comprise interest income and cost, gains and losses on securities, payables and transactions denominated in foreign currencies, amortization 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 REF IVV TopCo 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.

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 recognized 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 amortized 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 amortization period used.

The amortization 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 unrealized intra-group profits and losses and with subtraction of the carrying amount of negative goodwill.

Goodwill is amortized 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.

Notes

Note 1 Accounting policies (continued)

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.

Receivables

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

Cash and cash equivalents

Cash and cash equivalents include bank deposits.

Equity

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

Notes

Note 1 Accounting policies (continued)

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 recognized 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 recognized at the expected value of their utilization; 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 recognized in the income statement.

Liabilities

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

Notes

Note 2 Employees

The company has no employees.

Note 3 Investments in subsidiaries

	<u>2021</u>	<u>2020</u>
Cost at 1 January	71.525.326	71.525.326
Cost at 31 December	71.525.326	71.525.326
Revaluations at 1 January	(47.493.389)	(51.729.226)
Foreign exchange adjustments	1.431.280	(1.406.267)
Profit/loss after tax	2.748.998	13.642.104
Received dividend on additions during the year	-	(8.000.000)
Revaluations at 31 December	(43.313.111)	(47.493.389)
Carrying amount at 31 December	<u>28.212.215</u>	<u>24.031.937</u>

<u>Name and registered office</u>	Ownership of outstanding shares
Cryptomathic A/S, Aarhus, Denmark	100,0%

	<u>2021</u>	<u>2020</u>
Note 4 Tax on profit for the year		
Current tax for the year	-	(1.535.424)
Changes in deferred tax for the year	(1.859.725)	422.830
	<u>(1.859.725)</u>	<u>(1.112.594)</u>

Notes

Note 5 Equity

	Share capital	Reserve for development costs	Retained earnings	Proposed dividends	Total
Equity at 1 January	62.252	-	33.735.883	-	33.798.135
Dividends paid	-	-	(15.000.000)	-	(15.000.000)
Foreign exchange adjust- ments, foreign subsidiaries	-	-	1.431.280	-	1.431.280
Profit for the year	-	4.863.563	(3.084.126)	7.563.130	9.342.567
Equity at 31 December	62.252	4.863.563	17.083.037	7.563.130	29.571.982

Note 6 Contingencies and securities

The company is jointly and severally liable for tax under the Danish joint taxation with the parent company REF IVV TopCo ApS. The known net tax liability of the jointly taxed companies is DKK 0 thousand as at 31 December 2021.

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 2021 is DKK 0 thousand (2020: DKK 0).

The Company is a party in a number of ongoing lawsuits. Management is of the opinion that the outcome of these lawsuits will not affect the Company's financial position in addition to the receivables and liabilities recognized in the balance sheet at 31 December 2021.

Note 7 Consolidation

Cryptomathic Holding ApS and subsidiaries are included in the consolidated financial statements for REF IVV TopCo ApS
c/o Cryptomathic A/S
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