

OpSec Online ApS

Langebrogade 5, 1411 København K

Company reg. no. 27 93 08 75

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 28 August 2020.

Michael John Currie
Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report	2
Management commentary	
Company information	5
Management commentary	6
Financial statements 1 January - 31 December 2019	
Income statement	7
Statement of financial position	8
Statement of changes in equity	10
Notes	11
Accounting policies	14

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS British 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 OpSec Online ApS for the financial year 1 January - 31 December 2019.

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 December 2019 and of the company's results of activities in the financial year 1 January – 31 December 2019.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Copenhagen, 28 August 2020

Managing Director

Michael John Currie

Board of directors

Debra Manthorne Giddings

David James Haenel

Michael John Currie

Independent auditor's report

To the shareholders of OpSec Online ApS

Auditor's report on the financial statements

Opinion

We have audited the financial statements of OpSec Online ApS for the financial year 1 January - 31 December 2019, comprising income statement, balance sheet and notes, including 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 Company's assets, liabilities, and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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 the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the 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 company 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 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 and the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

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 Statement Act. We did not identify any material misstatement in the Management's review.

Report on the legal and regulatory Non-Compliance with the Danish accounting legislation

Contrary to section 12 of the Danish Bookkeeping Act, the Company does not keep written descriptions of how to access accounting records stored abroad; consequently, Management may incur liability.

Copenhagen, 28 August 2020

KPMG

State Authorised Public Accountants
Company reg. no. 25 57 81 98

Kim Schmidt

State Authorised Public Accountant
mne34552

Company information

The company	OpSec Online ApS Langebrogade 5 1411 København K
	Company reg. no. 27 93 08 75 Domicile: Copenhagen Financial year: 1 January - 31 December
Board of directors	Debra Manthorne Giddings David James Haenel Michael John Currie
Managing Director	Michael John Currie
Auditors	KPMG, Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 København Ø
Parent company	OpSec Online Limited

Management commentary

The principal activities of the company

The company's primary activity consist of developing software as well as supplying digital solutions used in monitoring and protecting video and audio files on the internet. For this, other companies in the Group compensate the company.

Development in activities and financial matters

The results from ordinary activities after tax are DKK 469 in thousand against DKK 54 in thousand last year. The company's equity amounts to DKK 913 in thousand. The management consider the result in line with their expectations.

Management expects that the Company will generate a profit next year.

Events occurring after the end of the financial year

No events have occurred after the balance sheet date to this date which would influence the evaluation of the annual report.

On 11 March 2020 the World Health Organisation (hereinafter – WHO) declared the coronavirus (hereinafter – the virus) outbreak a pandemic. Responding to the situation the country was facing due to the virus threat, the Danish government declared a lockdown on 13 March 2020 and all resulting restrictions on public life. The restrictions are related to entry of foreign visitors, cross-borders movement of people, activities of companies and organisations operating in the public and private sectors, work organisation of education and health institutions and other areas of economic and social life.

Company's employees work remotely and it does not pose any additional threats to the company's activities and their continuity, cyber risk has not increased. Current technical measures and their maintenance from partners enables to continue pursuing our objectives and does not pose additional threats.

In order to promptly respond to the resulting adverse business environment, the company's management carried out an overall assessment of the situation, reviewed its cash and liquidity position and identified that only the potential decrease in demand could have an impact on the company's activities in the short-term. As part of the wider Orca Bidco Group, cash reserves/access to liquidity is sufficient for the Company to remain solvent.

Based on the management's assessment, the above-mentioned circumstances and the sensitivity analysis carried out confirm all the assumptions for sufficient resources and enable to continue the company's activities for at least 12 months. Based on the assessment of the company's management, the current negative circumstances related to the virus do not cause doubts about the company's ability to continue as a going concern, and they do not alter the long-term plans for the company's activities and development.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Gross profit	9.227.275	7.220.743
1 Staff costs	-8.242.065	-7.543.539
2 Depreciation and impairment losses	-16.916	-45.031
Operating profit	968.294	-367.827
3 Other financial income	176.673	508.484
Writedown relating to financial assets	-107.724	0
4 Other financial costs	-372	-70.557
Profit before tax	1.036.871	70.100
5 Tax on profit for the year	-568.048	-16.030
Profit for the year	468.823	54.070
 Proposed appropriation profit:		
Transferred to retained earnings	468.823	54.070
Total allocations and transfers	468.823	54.070

Statement of financial position at 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Non-current assets			
6	Fixtures and fittings, tools and equipment	2.190	19.106
	Total property, plant, and equipment	<u>2.190</u>	<u>19.106</u>
7	Equity investments in group enterprises	0	107.724
	Total investments	<u>0</u>	<u>107.724</u>
	Total non-current assets	<u>2.190</u>	<u>126.830</u>
Current assets			
	Amounts owed by group enterprises	0	5.457.466
8	Deferred tax assets	67.231	90.231
	Other debtors	<u>225.071</u>	<u>449.694</u>
	Total receivables	<u>292.302</u>	<u>5.997.391</u>
	Cash at bank and in hand	<u>2.516.986</u>	<u>188.183</u>
	Total current assets	<u>2.809.288</u>	<u>6.185.574</u>
	Total assets	<u>2.811.478</u>	<u>6.312.404</u>

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Equity			
	Contributed capital	139.005	139.005
	Retained earnings	774.302	305.479
	Total equity	913.307	444.484
Liabilities other than provisions			
9	Other payables	199.814	0
	Total long term liabilities other than provisions	199.814	0
	Trade creditors	103.835	14.397
	Debt to group enterprises	47.123	3.875.204
	Corporate tax	223.401	0
	Other debts	1.323.998	1.978.319
	Total short term liabilities other than provisions	1.698.357	5.867.920
	Total liabilities other than provisions	1.898.171	5.867.920
	Total equity and liabilities	2.811.478	6.312.404

10 Related parties

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2019	139.005	305.479	444.484
Transferred over the profit appropriation	0	468.823	468.823
	139.005	774.302	913.307

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
1. Staff costs		
Salaries and wages	7.886.384	7.161.891
Pension costs	<u>355.681</u>	<u>381.648</u>
	<u>8.242.065</u>	<u>7.543.539</u>
Average number of employees	<u>9</u>	<u>9</u>
2. Depreciation of other operating assets		
Depreciation other operating assets	<u>16.916</u>	<u>45.031</u>
	<u>16.916</u>	<u>45.031</u>
3. Other financial income		
Exchange differences	<u>176.673</u>	<u>508.484</u>
	<u>176.673</u>	<u>508.484</u>
4. Other financial costs		
Other financial costs	<u>372</u>	<u>70.557</u>
	<u>372</u>	<u>70.557</u>
5. Tax on profit for the year		
Tax of the results for the year	237.401	0
Adjustment for the year of deferred tax	18.849	16.038
Adjustment of tax for previous years	<u>311.798</u>	<u>-8</u>
	<u>568.048</u>	<u>16.030</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>	
6. Other operating assets			
Cost 1 January 2019	209.431	209.431	
Cost 31 December 2019	<u>209.431</u>	<u>209.431</u>	
Depreciation and impairment 1 January 2019	-190.325	-145.294	
Depreciation for the year	<u>-16.916</u>	<u>-45.031</u>	
Depreciation and impairment 31 December 2019	<u>-207.241</u>	<u>-190.325</u>	
Carrying amount, 31 December 2019	<u>2.190</u>	<u>19.106</u>	
7. Equity investments in group enterprises			
Acquisition sum, opening balance 1 January 2019	<u>107.724</u>	<u>107.724</u>	
Cost 31 December 2019	<u>107.724</u>	<u>107.724</u>	
Revaluations, opening balance 1 January 2019	0	0	
Writedown during the year	<u>-107.724</u>	<u>0</u>	
Writedown 31 December 2019	<u>-107.724</u>	<u>0</u>	
Carrying amount, 31 December 2019	<u>0</u>	<u>107.724</u>	
Financial highlights for the enterprises according to the latest approved annual reports			
	Equity interest	Equity DKK	Results for the year DKK
	100 %	521.258	-6.435.968
UAB OpSec Online, Lithuania			
The highlights are from the annual report 2019			
8. Deferred tax assets			
Deferred tax assets 1 January 2019		90.231	106.268
Deferred tax of the results for the year		<u>-23.000</u>	<u>-16.037</u>
		<u>67.231</u>	<u>90.231</u>
9. Other payables			
Other payables, due within 2 - 5 years		<u>199.814</u>	<u>0</u>
		<u>199.814</u>	<u>0</u>

Notes

All amounts in DKK.

10. Related parties

Controlling interest

OpSec Online Limited

40 Phoenix Road

Washington, NE38 0AD

United Kingdom

Majority shareholder

Accounting policies

The annual report for OpSec Online ApS 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 transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

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.

Fixed assets and other nonmonetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.

Accounting policies

Income statement

Gross profit

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

Gross profit is shown in the annual report in accordance with the Danish Financial Statements Act section 32.

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 operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs incurred for, sales, advertising, administration, premises, loss on receivables.

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.

Financial income and expenses

Financial income and expenses 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 income statement with the amounts concerning the financial year.

Dividend from equity investments in group enterprises is recognised in the financial year in which the dividend is declared.

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

Other operating assets

Other operating assets 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 when the useful lives of each individual components differ.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other operating assets	3-5 years	0-20 %

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.

The useful lifetime and residual value are reassessed annually. Changes are treated as accounting estimates and the effect on depreciation is recognised prospectively.

Profit or loss derived from the disposal of other operating assets 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.

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 assets as well as equity investments in subsidiaries and associates are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation, respectively.

Accounting policies

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 equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow derived from the use of the asset or group of assets.

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

Investments

Equity investments in group enterprises

Equity investments in group enterprises are measured at cost. If the recoverable amount is lower than the cost, writedown for impairment is done to match this lower value.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Cash on hand and demand deposits

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

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with 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 receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

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